Public Accounts

of the province of

Prince Edward Island

Volume II

Operating Fund Financial Statements
Details of Revenues and Expenditures
Financial Statements of Agencies and Crown Corporations

For the Year Ended March 31st

2005

Public Accounts

of the province of

Prince Edward Island

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For the Year Ended March 31st

2005

106-03139/

Province of Prince Edward Island
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The financial statements of Agencies, Boards and Crown Corporations provided in Volume II have been printed from electronic files provided by the organizations. In some cases signatures of boards and auditors have not been provided in the electronic files.

Province of
Prince Edward Island

Operating Fund

Financial Statements and Schedules

For the Year Ended March 31, 2005

Government of the Province of Prince Edward Island

Statement of Responsibility

Responsibility for the integrity, objectivity and fair presentation of the Operating Fund financial statements of the Province of Prince Edward Island rests with the Government. The financial statements are prepared by the Comptroller in accordance with the stated accounting policies of the Government as described in Note 2 of the financial statements.

These financial statements include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, a Statement of Cash Flows and notes and schedules integral to the statements. Together, they present fairly, in all material respects the Government's financial position at the fiscal year end and results of operations for the year ended March 31, 2005. More detailed information regarding the Government's financial position and operating results can be found in other sections of either Volume I or Volume II.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

On behalf of the Government

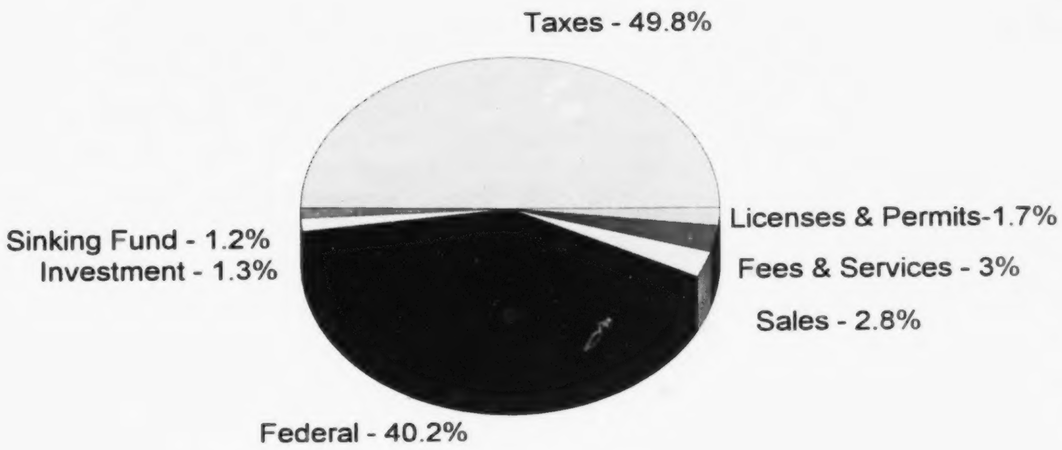
Mitch Murphy

Hon. Mitch Murphy
Provincial Treasurer

December, 2005

Revenue

Operating Fund

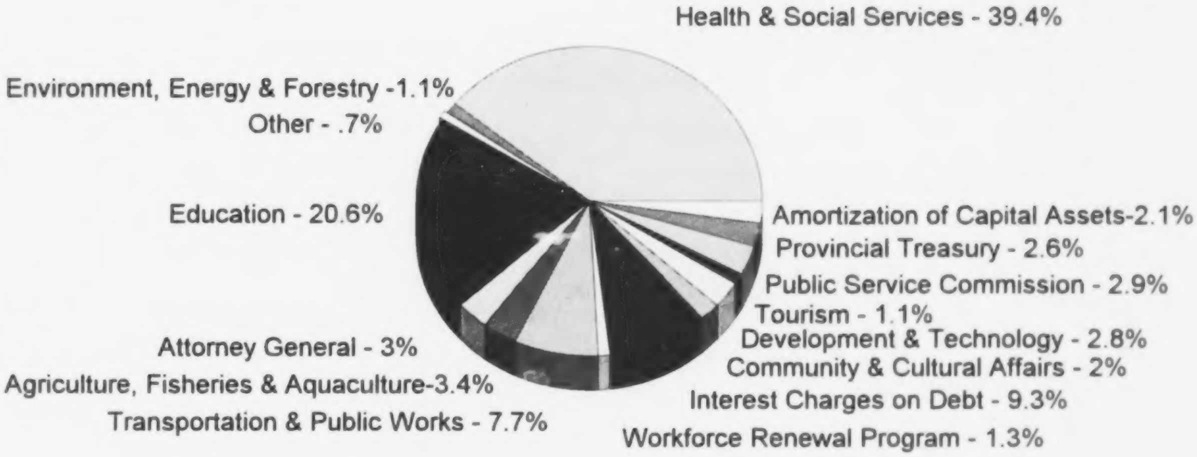


Total revenue for the Operating Fund in 2004/05 was $1.1 billion, an increase of $68.9 million over the previous year.

Increases were mainly in Federal Government ($43.8 million) and Taxes ($26.1 million).

Expense by Ministry

Operating Fund

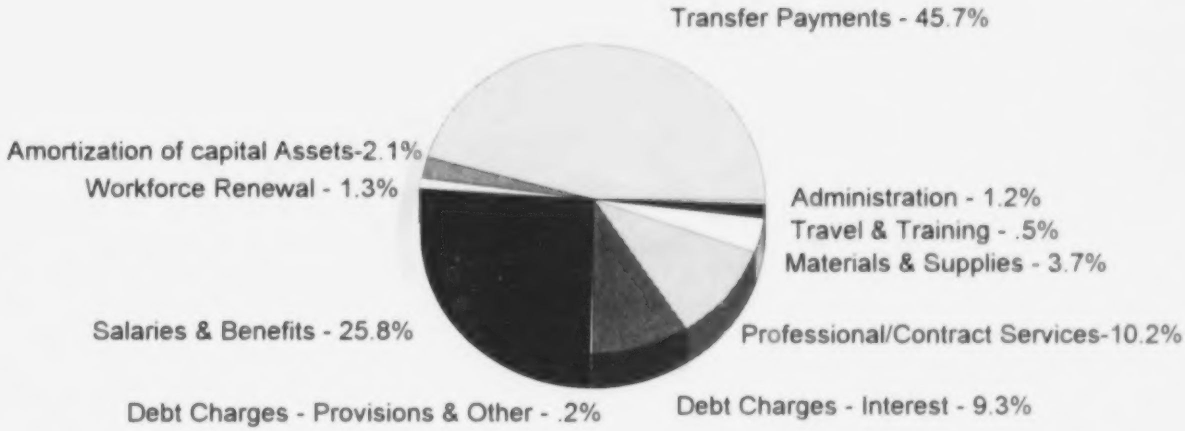


Total expense for the Operating Fund in 2004/05 was $1.1 billion, a decrease of $29.3 million over the previous year.

Decreases were mainly in Provincial Treasury ($19.4 million), Public Service Commission ($18.5 million) and Development and Technology ($10.6 million). The decreases in expenses were partly offset by increases in Workforce Renewal Program ($14.1 million) and Health and Social Services ($6.8 million).

Expense by Object

Operating Fund



Total expense for the Operating Fund in 2004/05 was $1.1 billion, a decrease of $29.3 million over the previous year.

Decreases were mainly in Debt Charges - Provisions and Other ($18.9 million), Salaries and Employee Benefits ($13.8 million) and Materials and Supplies ($9.8 million). The decreases in expenses were partly offset by increases in Workforce Renewal Program ($14.1 million).

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Prince Edward Island

These financial statements report transactions and events of the Operating Fund only. Significant financial activities of the Government occur outside this Fund. Therefore, readers should not use the Operating Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole.

Volume 1 of the Public Accounts includes a more complete set of financial statements. Those statements are called the *Consolidated Financial Statements* of the Province of Prince Edward Island. Their purpose is to report the full nature and extent of the financial affairs and resources for which the Government is responsible. Please refer to those summary statements to understand and assess the Government's management of public financial affairs and resources as a whole.

I have audited the Operating Fund statement of financial position of the Province of Prince Edward Island as at March 31, 2005 and the statement of operations, change in net debt and cash flows for the year then ended. These statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these Operating Fund financial statements present fairly, in all material respects, the financial position of the Operating Fund of the Province of Prince Edward Island as at March 31, 2005 and the results of its operations, the change in net debt and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for governments as recommended by The Canadian Institute of Chartered Accountants.

Additional information and comments on the financial statements are included in my Annual Report to the Legislative Assembly.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
January 16, 2006

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund

Statement of Financial Position

as at March 31, 2005

Schedule	FINANCIAL ASSETS	2005 ($000)	2004 ($000)
1	Cash and Term Deposits	33,759	-
2	Accounts and Taxes Receivable	112,449	99,884
3	Treasury Advances	591	586
4	Property Holdings	98	24,936
5	Investments	4	4
6	Sinking Fund and Debt Reduction Fund	188,641	221,673
7	Loans Receivable	226,411	216,374
8	Deferred Charges	69,159	51,919
	Total Financial Assets	**631,112**	**615,376**
	LIABILITIES		
9	Bank Advances	-	4,420
10	Deferred Revenue/Credits	32,781	10,751
11	Accounts Payable	178,633	174,441
12	Accrued Liabilities	36,595	34,051
13	Short Term Loans	85,000	210,000
14	Obligation Under Capital Leases	4,745	4,967
15	Loans Payable	-	426
16	Pension, Retirement and Other Obligations	286,493	277,384
17	Debentures	1,283,192	1,149,819
	Total Liabilities	**1,907,439**	**1,866,259**
	NET DEBT	**1,276,327**	**1,250,883**
	Non-Financial Assets		
18	Tangible Capital Assets	221,349	228,001
19	Prepaid Expenses	1,068	2,005
20	Inventories	3,515	-
		225,932	230,006
	Accumulated Deficits	**1,050,395**	**1,020,877**

Supplementary Information (see schedules)

21 Trust Funds

22 Guaranteed Debt

Change in accounting policy - Note 3

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Operations
for the year ended March 31, 2005

Schedule		2005 Unaudited Budget Excerpts ($000)	2005 Actual ($000)	2004 Actual ($000)
	REVENUE			
25	Taxes	524,618	530,197	504,086
26	Licenses and Permits	17,239	18,634	17,777
27	Fees and Services	29,918	32,033	30,796
28	Sales	33,702	29,556	30,120
29	Investment	13,795	13,648	14,772
30	Government of Canada	391,623	427,842	384,067
6	Sinking Fund Earnings	13,975	13,352	14,707
	Total Revenue	**1,024,870**	**1,065,262**	**996,325**
	EXPENSE			
31	Agriculture, Fisheries and Aquaculture	33,206	36,791	33,479
	Attorney General	32,415	32,545	32,287
	Auditor General	1,259	1,232	1,128
	Community and Cultural Affairs	30,495	21,611	24,157
32	Development and Technology	30,813	30,312	40,910
33	Education	225,626	226,584	225,119
34	Environment, Energy and Forestry	12,651	12,335	12,871
	Executive Council	2,773	2,698	3,067
35	Health and Social Services	430,919	431,829	425,054
	Legislative Assembly	3,480	3,410	4,192
36	Provincial Treasury	31,051	28,984	48,426
37	Public Service Commission	16,576	32,327	50,800
38	Tourism	12,028	12,442	12,243
39	Transportation and Public Works	79,363	85,078	85,817
	Total Program Expense	**942,655**	**958,178**	**999,550**
	Interest Charges on Debt	106,635	102,087	103,645
	Program Review	(9,500)	-	-
	Workforce Renewal Program	-	14,115	-
18	Amortization of Tangible Capital Assets	23,580	22,985	23,496
	Total Expense	**1,063,370**	**1,097,365**	**1,126,691**
	SURPLUS (DEFICIT)	**(38,500)**	**(32,103)**	**(130,366)**
	Accumulated Surplus (Deficit), Beginning of Year		(1,020,877)	(890,511)
	Adjustment for accounting change - Inventories (Note 3)		2,585	-
	Accumulated Surplus (Deficit), End of Year		**(1,050,395)**	**(1,020,877)**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Change in Net Debt
for the year ended March 31, 2005

	2005 Unaudited Budget Excerpts ($000)	2005 Actual ($000)	2004 Actual ($000)
Annual Deficit	38,500	32,103	130,366
Increase (Decrease) in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	18,850	16,593	24,381
Amortization of Tangible Capital Assets	(23,580)	(22,985)	(23,496)
Net Book Value of Tangible Capital Asset Disposals	-	(260)	(535)
	(4,730)	(6,652)	350
Increase (Decrease) in Prepaid Expenses	-	(937)	374
Increase (Decrease) in Inventory (Note 3)	-	930	-
Increase in Net Debt	33,770	25,444	131,090
Net Debt, Beginning of Year	1,250,883	1,250,883	1,119,793
Net Debt, End of Year	**1,284,653**	**1,276,327**	**1,250,883**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund

Statement of Cash Flows

for the year ended March 31, 2005

	2005 ($000)	2004 ($000)
Operating Activities		
Surplus (Deficit) for the year	(32,103)	(130,366)
Amortization of Tangible Capital Assets	22,985	23,496
Changes in:		
Accounts and Taxes Receivable - (Increase) Decrease	(12,565)	13,060
Treasury Advances - (Increase) Decrease	(5)	(34)
Property Holdings - (Increase) Decrease	24,838	(24,830)
Prepaid Expenses - (Increase) Decrease	937	(374)
Inventories - (Increase) Decrease	(930)	-
Deferred Charges - Increase (Decrease)	(17,240)	120,825
Deferred Revenue - Increase (Decrease)	22,030	1,139
Accounts Payable - Increase (Decrease)	4,192	43,584
Accrued Liabilities - Increase (Decrease)	2,544	(2,093)
Pension, Retirement and Other Obligations - Increase (Decrease)	9,109	(115,208)
Cash Provided by (Used for) Operating Activities	**23,792**	**(70,801)**
Investing Activities		
Changes in:		
Net Loans Receivable - (Increase) Decrease	(10,037)	(24,763)
Cash Provided by (Used for) Investing Activities	**(10,037)**	**(24,763)**
Capital Activities		
Acquisition of Tangible Capital Assets	(16,593)	(24,381)
Disposal of Tangible Capital Assets	260	535
Cash Provided by (Used for) Capital Activities	**(16,333)**	**(23,846)**
Financing Activities		
Debentures Issued	210,500	111,135
Debentures Matured / Called	(77,127)	(50,595)
Changes in:		
Short Term Loans - Increase (Decrease)	(125,000)	55,000
Long Term Loans - Increase (Decrease)	(426)	(396)
Obligation Under Capital Leases - Increase (Decrease)	(222)	(208)
Sinking Fund - (Increase) Decrease	33,032	6,784
Cash Provided by (Used for) Financing Activities	**40,757**	**121,720**
Increase (Decrease) in Cash and Short Term Deposits	38,179	2,310
Cash and Short Term Deposits (Bank Advances), beginning of year	(4,420)	(6,730)
Cash and Short Term Deposits (Bank Advances), end of year	**33,759**	**(4,420)**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Notes to the Operating Fund Financial Statements

For the year ended March 31, 2005

1 (a) Reporting Entity

In accordance with the Financial Administration Act, the financial position of the Operating Fund is presented by a Statement of Financial Position. The Operating Fund receives all revenues unless otherwise specified by law. Spending from the Operating Fund is appropriated by the Legislative Assembly.

Government entities, such as agencies and crown corporations, report separately in other financial statements. The Province's consolidated financial statements include the combined financial position, and financial activities of the Operating Fund and other government entities. The consolidated financial statements are provided separately.

(b) Definitions

Capital Expenditures

Expenditures incurred in the acquisition, development or construction of capital assets and equipment with a cost of $75 thousand or greater. For motor vehicles the threshold amount is $20 thousand. They do not include operational expenses.

Tangible Capital Assets

Non-financial assets that are held for use in the production or supply of goods and services, have useful lives extending beyond one accounting period and are not intended for sale in the ordinary course of operations.

Ordinary Expenses:

Administration

Includes the costs associated with the operation and administration of an office.

Debt

Includes the cost of servicing the public debt and provision for losses.

Materials and Supplies

Includes the cost of consumable supplies required in day to day operations.

Professional and Contract Services

Includes professional and contract services from non-government individuals or organizations.

Salary and Employee Benefits

Includes costs associated with employment of individuals such as salaries, severance and retirement allowances, workers compensation and employer share of insurance, Blue Cross, Canada Pension Plan, employment insurance, etc.

Travel and Training

Includes all costs associated with travel and training of provincial government employees.

Transfer Payments

Payments to individuals, organizations or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the Province as expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

2 Basis of Accounting

(a) The Province of Prince Edward Island accounts for its financial transactions in accordance with generally accepted accounting principles, which for the purposes of the Province's financial statements is represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards.

(b) **Financial Assets**

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Cash represents cash position including bank balances and term deposits.

Receivables are recorded for all amounts due for work performed and goods or services supplied in the fiscal year. A provision for loss is established for doubtful accounts.

Loans Receivable are recorded at cost. Where concessionary terms apply, a discount to the loan's present value is included in deferred revenue. A provision for loss is established for doubtful accounts.

Property Holdings are recorded at the lower of cost or net realizable value. A provision for loss is established.

Investments are recorded at the lower of cost or net realizable value.

Sinking Fund assets are recorded at cost.

Deferred Charges represent recorded expenses which will be included in the Statement of Operations in future years.

(c) **Liabilities**

Bank Advances represent net cash position including bank balances and term deposits.

Deferred Revenue represents amounts received but not earned.

Payables, Accruals and other liabilities are recorded for all amounts due for work performed, goods or services received and other charges incurred in the fiscal year. Where concessionary terms apply a a discount to the payable's present value is included in deferred charges.

Loans are recorded at face value.

Obligation Under Capital Lease represents the liability recorded for contractual arrangements which are deemed to be capital leases. Establishment of a capital lease recognizes the lease contract as a financing tool to acquire an asset.

Pension, Retirement and Other Future Employee Benefit Obligations represent the Province's net liability as calculated using an accrued benefits actuarial method on an accounting basis. The net pension liability represents the present value of accrued pension benefits less the market value of pension assets.

Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for the Province to settle these amounts with cash payments. Consequently, no liability has been calculated by the Province and no accrual has been recorded in these financial statements for accumulated sick leave benefits.

Debentures represent the gross funded debt of Province of PEI public debenture issues, a private debenture issue and Canada Pension Plan debenture issues.

(d) Net Debt

The Province's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Province is determined by its liabilities less its financial assets. Net debt is comprised of two components non-financial assets and accumulated deficits.

Non-Financial Assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible capital assets are valued at historical cost, or estimated cost where historical cost information is not available. Amortization is calculated using the straight line method at the following rates:

Buildings and Improvements	10 - 40 years
Leasehold Improvements	Based on length of lease
Roads and Bridges	10 - 40 years
Motor Vehicles	5 - 10 years
Equipment	5 - 10 years
Other	5 - 40 years

Prepaid expenses are goods and services purchased which will provide economic benefits in future periods.

Inventories consist of items being held for resale and materials on hand which were purchased for consumption or use by the Province in the course of its operations. Inventories are recorded at cost and expensed as they are consumed or sold.

Accumulated Deficit

Accumulated deficit is the net debt of the Province less non-financial assets. It represents the accumulated balance of annual deficits arising from operations of the Province.

(e) Revenues

Revenues are recorded on an accrual basis. Transfers from the Government of Canada, under Federal - Provincial fiscal arrangements, are based on estimates which will be adjusted against future years revenues when actual results become available.

(f) Expenses

Expenses are recorded on an accrual basis.

Capital expenditures are incurred in the acquisition, development or construction of capital assets and equipment. They do not include operational expenses. The acquisition of tangible capital assets are not reported as expenses in the year the assets are acquired. Tangible capital assets are included in the Province's Statement of Financial Position as non-financial assets and are amortized over their estimated useful life.

Transfer payments are transfers of money to individuals, organizations or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the Province as expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

3 Change in Accounting Policy

For the fiscal year 2004-2005 the Province implemented Public Sector Accounting Board standards for the recording of inventories in the Operating Fund. Accordingly inventories for consumption are now reported on the Statement of Financial Position as non-financial assets. The recording of inventory was implemented on a retroactive basis without restatement of prior periods. The opening accumulated deficit was reduced by $2.6 million and the annual deficit was reduced by .9 million as a result of the change.

4 Province of Prince Edward Island Sinking Fund and Debt Reduction Fund

(a) Description of Sinking Funds

The Province of Prince Edward Island Sinking Funds were established to reserve funds to meet future commitments and for debt retirement. Earnings on Sinking Funds are reflected as current revenue. The Sinking Funds are made up of two components:

Sinking Fund (Debentures)

Those funds in the Sinking Fund designated for debentures are considered to be externally restricted and as a result cannot be used for other purposes. Installment payments are made to the Sinking Fund from the Operating Fund, they are allocations within the Operating Fund, and as such, are not treated as an expense. The installment payments for the next five years are:

	($000)
2005-2006	14,160
2006-2007	16,358
2007-2008	15,658
2008-2009	14,500
2009-2010	14,500

Debt Reduction Fund

The Debt Reduction Fund was established from the over-funding of Provincial debenture issues and installments made to the Sinking Fund for Canada Pension Plan (CPP) debentures. There are no installment requirements for CPP debentures and there are no external restrictions on funds contributed to the Sinking Fund for the retirement of CPP debentures. The purpose of the Debt Reduction Fund is the retirement of public debt and the reduction of interest charges on debt. As at March 31, 2005 there were no funds being held in the Debt Reduction Fund.

(b) PEI Issues Held by the Sinking Fund

As at March 31, 2005 Sinking Fund investments include PEI Issues held but not cancelled in the amounts of:

		($000)		($000)
Debentures -	Par Value	24,895	Book Value	26,685
Residuals -	Par Value	114,942	Book Value	62,807

5 Solid Waste Landfill Closure and Post-Closure Liability

The collection and disposal of all solid waste generated in Prince Edward Island is included in the mandate of a provincial agency. The provincial agency is responsible for liabilities related to the closure and post-closure costs of the East Prince Landfill Site, which was in use at March 31, 2005. The agency is also responsible for monitoring and dealing with post-closure issues at four landfill sites and approximately one hundred smaller community dumps which were closed prior to 2003. The Province is responsible for the costs associated with the closure and decommissioning of the sites closed prior to 2003.

The Province recognizes its responsibility regarding solid waste landfill sites but at this time is unable to estimate the costs due to the absence of a formal action plan. A provisional amount of $350,000 was established in 2003 to deal with future costs (see Schedule 12 Accrued Liabilities).

6 Commitments

The nature of the Province's activities results in commitments against future appropriations through various multi-year contracts and obligations. Payments in respect of these contracts and agreements are subject to the approval of the Legislature through the annual budget process. Significant financial commitments at March 31, 2005 include:

(a) University of Prince Edward Island

The Province has committed to make payments over a sixteen year period, beginning in 2003/04, in the amount of $376.5 thousand per year to the University of Prince Edward Island for the purpose of debt servicing.

(b) Summerside Recreational Complex

The Province has committed to make payments over a three year period, beginning in 2003/04, totalling $1 million in support of Phase 1 of the Summerside Recreational Complex.

(i) Leases

The Province is party to a substantial number of lease agreements for the rental of space and equipment. The following schedule shows the minimum annual lease payments in each of the next five years for those leases which are considered significant in relation to future operations:

Fiscal Year	Lease Payments (000)
2005-2006	6,184
2006-2007	5,053
2007-2008	3,368
2008-2009	3,309
2009-2010	3,196

Capital Leases

Costs associated with renovations to the Davies and Kelly Law Courts Buildings have been recorded as capital leases. These capital lease obligations are recorded as liabilities in the Statement of Financial Position.

7 Contingent Liabilities

(a) Claims Outstanding

The Province is subject to legal actions arising in the normal course of business. At March 31, 2005 there were twenty-five (2004 - thirty-seven) outstanding claims arising from legal action in progress against the Crown. The cost to the Province, if any, cannot be determined because the outcome of these actions is uncertain.

The cost, if any, of twenty three of the twenty-five claims outstanding will be paid through the Prince Edward Island Self-Insurance and Risk Management Fund. The Prince Edward Island Self-Insurance and Risk Management Fund was established in 1988 under Part II of the Financial Administration Act. The Fund provides general liability insurance, errors and omissions insurance and primary property and crime insurance. At March 31, 2005, fund reserves were $7.2 million (2004 - $7.2 million). Claims amounting to $1 million were settled in the current year (2004 - $.6 million). The estimated amount for claims outstanding at March 31, 2005 is $1.2 million (2004 - $.8 million). The fund carries an excess liability policy limiting the liability of the fund to $5 million.

One of the two claims not being paid through the Self-Insurance and Risk Management Fund is a personal injury claim on allegations of abuse at the former Mt Herbert Orphanage. At March 31, 2005 there were fifty seven plaintiffs on notice of action.

(c) Credit Union Deposit Insurance Corporation
The Credit Unions Act states that the Province shall ensure that the obligations of The Credit Union Deposit Insurance Corporation (CUDIC) are carried out. The CUDIC provides deposit insurance coverage on deposits within established limits held by PEI credit unions. The CUDIC is funded by an assessment on insurable deposits in each of the ten credit unions. The Province holds two director positions on the CUDIC Board of Directors. At December 31, 2004 the CUDIC had an equity balance of $5.5 million (2003 - $4.8 million).

Based on unaudited information, at September 30, 2004 credit unions in Prince Edward Island held insurable deposits totalling $433.3 million (2003 - $433.2 million). The probability that the Province would be called upon to provide financial support to the CUDIC is unlikely due to the equity held by the CUDIC, Credit Union Central of Prince Edward Island and the ten credit unions on PEI.

(d) Guaranteed Debt
The Province has guaranteed the repayment of a variety of types of loans, including student loans. Guarantees amounting to $140.4 million (2004 - $100.6 million) are reported in Schedule 22.

8 Pension, Retirement and Other Obligations

(a) Basis of Accounting for Obligations

The Province has adopted the recommendations of the Public Sector Accounting Board (PSAB) in in accounting for its pension and other retirement obligation liabilities. Assumptions used in the valuation of these benefits and obligations are developed on two criteria; for funding purposes and for accounting purposes. The Province has been using assumptions developed for accounting purposes since the year ended March 31, 2002.

(b) Pension Funds

Civil Service Superannuation Fund
Employees of the Province and certain of its entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions equal to 6.95 percent of their salary (8.75 percent when not contributing to CPP) with the Province matching those contributions. In 2005, total employee contributions for current year's service were $9.5 million (2004 - $9.2 million). Investments of the Fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due. Pension benefits are based on the number of years of service times 2% of the best three years' average salary and is integrated with CPP. The plan provides for inflation protection to a maximum of 6 percent. At present the plan provides benefits to 1,571 retirees (2004 - 1,528); benefit payments were $24.6 million in 2005 (2004 - $21.6 million).

An amendment to the Civil Service Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment called for a contribution from the government of $11.6 million in 1995/96 and $5.8 million in the years 1996/97 to 2004/05.

Teachers' Superannuation Fund
The Teachers' Superannuation Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teachers' Superannuation Fund which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions equal to 7.2 percent of their salary (9 percent when not contributing to CPP) with the Province matching those contributions. In 2005, total employee contributions for current year's service were $6.3 million (2004 - $6 million). Investments of the Fund are adminsistered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Teachers' Superannuation Fund is insufficient to provide for pension payments as they become due. Pension benefits are based on the number of years of service times 2% of the best five years' average salary and is integrated with CPP. The plan provides for inflation protection to a maximum of 4 percent. At present the plan provides benefits to 1,224 retirees (2004 - 1,167); benefit payments were $29 million in 2005 (2004 - $26.7 million).

An amendment to the Teachers' Superannuation Act on May 4, 1995 provided for the reduction of the unfunded liability of the fund. The amendment called for a contribution from the government of $23.6 million in 1995/96 and $11.8 million in the years 1996/97 to 2004/05.

Pension Plan for Members of the Legislative Assembly
An amendment to the Legislative Assembly Act in 1994 provided for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Opposition House Leader, Government Whip and Opposition Whip. As a result of this amendment, a pension plan called the "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" was established by the Commission with an effective start date of July 1, 1994. The plan is operated within the Pension Plan for Members of the Legislative Assembly (1994) which is not part of the Operating Fund of the Province. The plan is funded by contributions from the members of the Legislative Assembly equal to 8 percent of their salary. Total member contributions for the current year were $123.5 thousand (2004 - $121.2 thousand). Investments of the fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The Province is required to make contributions to the Fund to ensure that there is sufficient money to cover the cost of current service accruals as well as provide for the proper amortization of any unfunded liability. In January 2004, the MLA Pension Fund (Old Plan) was amalgamated with the Pension Plan for Members of the Legislative Assembly (New Plan). The amalgamation of the two funds has resulted in a funding surplus. The plan text and tax legislation requires that an employer contribution holiday must be taken while the plan is in a surplus position. Pension benefits are based on criteria which is different depending on the period of service. The criteria for the different periods are as follows:

a. for the period up to and including June 30, 1994, annual member's pensions are equal to the lessor of 75% of contributions and the average annual indemnity during the last five years of service. Annual Ministers' pensions are equal to the lesser of 75% of contributions and one half of the highest annual salary as a Minister.

b. for the period July 1, 1994 to March 31, 2001 , benefits are based on the number of years of service times 2% of the best thirty-six consecutive months' average indemnity and salary earned by the member.

c. for the period on or after April 1, 2001, benefits are 25% of the required contributions made by the participants commencing after April 1, 2001, indexed annually by the percentage increase in the Consumer Price Index, subject to a maximum increase of 8% per annum.

The plan provides a pre-retirement inflation protection equal to the increase in the Consumer Price Index to a maximum of 8%. Post-retirement inflation protection is the increase in the Consumer Price Index minus 2%, to a maximum of 8.%. At present the plan provides benefits to 76 retirees (2004 - 75); benefit payments were $1.17 million in 2005 (2004 - $1.37 million).

Pension Plan for Members of the Legislative Assembly (Supplementary)
The supplementary to the Pension Plan for Members of the Legislative Assembly was established effective April 1, 1999. The plan provides a pension which is supplementary to the benefits provided under the Pension Plan for Members of the Legislative Assembly. For service subsequent to June 30, 1994 the amount of benefit is approximately equal to those benefits provided by the Pension Plan for Members of the Legislative Assembly of Prince Edward Island. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 8%. At present the plan provides benefits to 25 retirees (2004 - 24); benefit payments were $88 thousand in 2005 (2004 - $76 thousand).

Senior Compensation Program
An executive compensation plan is provided to the senior management of the Province. The plan provides a pension which is supplementary to the benefits provided under the Civil Service Superannuation Act. Pension benefits are based on the number of years' participation in the Senior Compensation Program to a maximum of 5 years times 2% of the best three years' average salary. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 6%. At present the plan provides benefits to 27 retirees (2004 - 24); benefit payments were $335.8 thousand in 2005 (2004 - $295.7 thousand).

Pension Plan for Judges - Old
The Provincial Court Act provides a pension plan for Provincial Court judges who were appointed before April 1, 1997. Pension benefits are based on two-thirds of the salary payable to the judge at the time of retirement. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 8%. At present the plan provides benefits to 3 retirees (2004 - 3); benefit payments were $234.3 thousand in 2005 (2004 - $227.9 thousand).

Pension Plan for Judges - New
The Provincial Court Act established a Judicial Remuneration Review Commission which reviews salary, benefits and expenses paid to judges. In February 2002, the Commission approved the establishment of a pension plan for judges appointed after March 31, 1997 which is supplementary to the benefits provided under the Civil Service Superannuation Act. Pension benefits are based on the number of years' service times 3% of the best three years' average salary less benefits received under the Civil Service Superannuation Plan. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation protection to a maximum of 6%. At present there are no retirees under this plan.

Actuarial Valuations / Estimates
Actuarial Valuations of the Province's pension funds are carried out every three years. An estimated update, which is a partial calculation based on an extrapolation of the most recent valuation, is calculated by the Province at the end of each fiscal year.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group which is 6 years for MLAs and 13 years for all other groups.

Actuarial valuations and estimates are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 2.5 percent. The discount rate used to determine accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was + 5.9 percent in 2005 (2004 - + 26 percent).

The following are the actuarial estimates at March 31, 2005

	Number of Members	Gross Pension Obligation 31-Mar-05 **($000)**	Pension Assets 31-Mar-05 **($000)**	Net Pension Obligation 31-Mar-05 **($000)**	Net Pension Obligation 31-Mar-04 **($000)**
Civil Service Pension Fund	4,606	524,499	502,099	22,400	23,000
Teachers' Pension Fund	2,924	495,648	308,635	187,013	181,204
MLA Pension Fund	114	14,635	21,003	(6,368)	(6,446)
MLA Plan New - Supp	60	3,371	-	3,371	2,834
Senior Comp. Pension Plan	52	6,765	-	6,765	6,358
Judges Pension Plan (Old)	5	3,577	-	3,577	3,483
Judges Pension Plan (New)	1	280	-	280	229
Totals	**7,762**	**1,048,775**	**831,737**	**217,038**	**210,662**

The following are the most recent actuarial valuations for accounting purposes for the Province's four Pension funds:

	Civil Service Fund	Teachers' Fund	MLA Fund Old	MLA Fund New
Date of Valuation	01-Apr-02 **($000)**	01-Apr-02 **($000)**	01-Apr-03 **($000)**	01-Apr-03 **($000)**
Actuarial Liability	442,217	440,630	12,457	1,995
Fund Assets	436,093	287,000	16,263	1,561
Unfunded Liability (Surplus)	**6,124**	**153,630**	**(3,806)**	**434**

(c) Retirement and Other Benefits

Employees of the Province are entitled to retirement allowances as provided for under collective agreements and terms of employment. Other benefit entitlements include workers compensation funding and payment of insurance policies. The Province obtains actuarial calculations of its liability for future employee benefits.

The following balances are actuarial estimates of future commitments to employees:

	Obligation 31-Mar-05 **($000)**	Obligation 31-Mar-04 **($000)**
Retirement Pay	50,674	48,881
Insurance Policies	2,690	2,310
Workers Compensation	16,091	15,531
Totals	**69,455**	**66,722**

(d) Cost of Pension, Retirement and Other Obligations

The following schedule presents the costs of future employee benefits for the year ended March 31, 2005:

	Current Service Cost ($000)	Net Interest Cost ($000)	Employee and Other Contributions ($000)	Amortization of Actuarial Adjustments ($000)	Net Cost ($000)
Civil Service Pension Fund	13,591	1,131	(10,311)	559	4,970
Teachers' Pension Fund	9,825	13,250	(6,305)	3,169	19,939
MLA Pension Fund	262	(504)	(124)	(553)	(919)
MLA Plan New - Supp	386 *	240	-	(48)	578
Senior Comp. Pension Plan	244	499	-	(76)	667
Judges Pension Plan (Old)	60	268	-	(92)	236
Judges Pension Plan (New)	31	19	-	8	58
Total Pension	24,399	14,903	(16,740)	2,967	25,529
Retirement Pay	3,108	3,238	-	144	6,490
Insurance Policies	225	-	-	83	308
Workers Compensation	925	1,032	-	(91)	1,866
Total Other	4,258	4,270	-	136	8,664
Totals	**28,657**	**19,173**	**(16,740)**	**3,103**	**34,193**

* Current service cost for MLA Plan (Supplementary) includes a plan amendment cost of $105.8 thousand due to a change effective April 1, 2004 where pensionable earnings will now include non-taxable expense allowance (excluding any vehicle or mileage allowance) paid to participants.

9 Supplementary Funding Government of Canada Health Transfers

The Province is receiving, from the Government of Canada, supplementary funding for health care. The Federal Government has set up trust funds to administer these special transfers. Since the first commitment was made in 1998/99 there have been a number of transfers. The Province of PEI is recording revenue received per the following schedules:

Canada Health and Social Transfer Supplement

	Mar-31-99	Mar-31-00	Mar-31-03	Mar-30-04
1999-2000	8.9 million			
2000-2001	4.5 million	4.5 million		
2001-2002	2.2 million	2.2 million		
2002-2003		2.2 million		
2003-2004		2.2 million	11.1 million	
2004-2005				8.7 million
Totals	15.6 million	11.1 million	11.1 million	8.7 million

Medical Equipment

	Oct-20-00	Mar-31-03	Sep-30-04
2000-2001	2.3 million		
2001-2002	2.2 million		
2002-2003			
2003-2004		2.2 million	
2004-2005		.3 million	
2005-2006		4.1 million	2.2 million
Totals	4.5 million	6.6 million	2.2 million

Wait Times Reduction

	Mar-31-05
2004-2005	2.7 million
2005-2006	2.7 million
2006-2007	5.1 million
2007-2008	5.1 million
2008-2009	2.6 million
Totals	18.2 million

10 Restructuring of Departments

Effective October 5, 2004 the following changes were made to the Province's Ministries:

- The Department of Agriculture, Fisheries, Aquaculture and Forestry was disestablished.
- The Department of Environment and Energy was disestablished.
- The Department of Agriculture, Fisheries and Aquaculture was established.
- The Department of Environment, Energy and Forestry was established.
- Responsibility for the P.E.I. Human Rights Commission was transferred from the Department of Community and Cultural Affairs to the Office of the Attorney General.

The above changes have been applied retroactively with 2003-2004 revenues and expenses being restated. Changes in the 2004-05 Budget Estimates resulting from this restructuring are presented in Schedule 41.

11 Subsequent Event

In April 2005, the Province of Prince Edward Island announced changes to the Health and Social Services system. The four existing regional health authorities and the Provincial Health Services Authority were disestablished with all programs and services to be subsequently provided from two newly established government departments, the Department of Health and the Department of Social Services and Seniors.

12 Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. When estimates are used it is possible that there could be a material variance between the recorded amount and another reasonably possible amount. The accuracy of estimates depends on the completeness and quality of information available at the time of preparation of financial statements. Estimates are adjusted annually to reflect new information as it becomes available. Examples of where measurement uncertainty exists in these financial statements are the calculation of future pension obligations and the provision for losses on loans and accounts receivable.

13 Comparative Figures

Certain 2004 financial statement figures, presented for comparative purposes, have been reclassified to conform with 2005 financial statement presentation.

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund

Schedules to Statement of Financial Position

as at March 31, 2005

	2005 ($000)	2004 ($000)
1 Cash and Short Term Deposits		
Bank Overdraft	(4,439)	-
Deposits in Transit	261	-
Uncashed Cheques	(2,063)	-
Treasury Notes	40,000	-
	33,759	**-**
2 Accounts and Taxes Receivable		
Taxes	69,479	58,763
Government of Canada	26,015	27,654
Agencies, Boards and Crown Corporations	9,642	6,673
Interest	1,820	2,638
Other	8,733	7,347
	115,689	103,075
Provision for Doubtful Accounts (Schedule 23)	(3,240)	(3,191)
	112,449	**99,884**
3 Treasury Advances		
Cash Floats	17	18
Employee Health Club Memberships	33	33
Nova Scotia Health Advance	535	535
Salary and Travel	6	-
	591	**586**
4 Property Holdings		
Land (Tax Sales)	-	109
Property Holdings - Polar Foods	98	48,497
	98	48,606
Provision for Losses (Schedule 23)	-	(23,670)
	98	**24,936**
5 Investments		
Summerside Regional Development Corporation	2	2
Charlottetown Area Development Corporation	2	2
	4	**4**

6 Sinking Fund and Debt Reduction Fund

FINANCIAL ACTIVITIES	2005 ($000)	2004 ($000)
Sinking Fund Earnings		
Investment Earnings	13,781	15,366
Amortization and Bank Charges	(429)	(659)
Net Sinking Fund Earnings	**13,352**	**14,707**
Instalments from Operating Fund	12,911	14,174
Debentures Redeemed (Schedule 24)	(59,295)	(35,665)
Increase (Decrease) in Sinking Fund Reserves	(33,032)	(6,784)
Sinking Fund Reserves, Beginning of Year	221,673	228,457
Sinking Fund Reserves, End of Year	**188,641**	**221,673**

FINANCIAL POSITION	2005	2004
Assets		
Cash	22	4
Accrued Interest	1,550	2,143
Accounts Receivable	6,525	28,254
	8,097	30,401
Investments, at cost (Note)	180,545	191,272
Total Assets	**188,642**	**221,673**
Liabilities		
Accounts Payable	1	-
Sinking Fund Reserves		
Debentures Reserve	188,641	180,578
Debt Reduction Fund Reserve	-	41,095
Total Liabilities and Fund Reserves	**188,642**	**221,673**

Note - Market value of investments $209.8 million (2004 - $225.2 million)

	2005 ($000)	2004 ($000)
7 Loans Receivable		
Debentures - Long Term		
Charlottetown Area Development Corporation	7,417	7,633
Charlottetown Area Pollution Control	0	16
City of Summerside	0	1
Communities 13 Inc	520	842
Community Development	175	187
Gateway Village Development Inc	479	524
Golf Links PEI	9,963	8,124
Island Waste Management Corporation	1,530	1,710
Ocean Choice	13,500	-
P.E.I. Business Development Inc	25,672	11,208
P.E.I. Energy Corporation	6,050	6,550
P.E.I. Housing Corporation	5,458	16,612
P.E.I. Lending Agency	123,647	134,755
P.E.I. Liquor Control Commission	4,850	5,322
Stratford Pollution Control Commission	13	32
Summerside Regional Development Corporation	459	488
	199,733	194,004
Debentures - Short Term		
Island Waste Management Corporation	4,290	2,790
P.E.I. Business Development Inc	14,624	13,744
P.E.I. Lending Agency	11,100	16,552
	30,014	33,086
Total - Debentures	229,747	227,090
Other Loans		
Employee Computer Loans	569	474
School Board Computer Loans	52	274
	621	748
Total Loans Receivable	230,368	227,838
Provision for Doubtful Accounts (Schedule 23)	(3,957)	(11,464)
	226,411	**216,374**
8 Deferred Charges		
Debenture Discount	8,677	14,663
Deferred Interest Charges (Government of Canada Loan)	8,538	-
Deferred Pension Charges	51,006	36,505
Other	938	751
	69,159	**51,919**

	2005 ($000)	2004 ($000)
9 Bank Advances		
Bank Overdraft	-	467
Deposits in Transit	-	(1,009)
Uncashed Cheques	-	4,962
	-	**4,420**
10 Deferred Revenue/Credits		
Government of Canada - Wait Times Reduction Funding	15,492	-
- Medical Equipment Funding	6,265	4,406
- Canada Study Grants	934	1,082
Interest Revenue - Ocean Choice Seafoods Loan Receivable	4,836	-
Motor Vehicle Registry	5,084	5,070
Other	170	193
	32,781	**10,751**
11 Accounts Payable		
Goods & Services	47,213	43,195
Government of Canada	43,277	38,786
Due to Agencies, Boards, & Crown Corporations	51,463	42,993
Deferred Salaries	1,309	1,324
Due to Sinking Fund and Special Funds	7,608	29,187
Other	27,763	18,956
	178,633	**174,441**
12 Accrued Liabilities		
Payroll and Benefits		
Payroll	5,261	3,551
Vacation Leave	4,762	4,478
Interest		
Debentures	17,262	16,961
Canada Pension Bonds	3,867	4,132
Other	-	353
Provision for Solid Waste Landfill Closures (Note 5)	350	350
Provision for Losses on Loan Guarantees (Schedule 23)	5,093	4,226
	36,595	**34,051**

	2005 ($000)	2004 ($000)
13 Short Term Loans		
Treasury Notes	85,000	210,000
	85,000	**210,000**
14 Obligation Under Capital Leases		
Law Court Buildings	4,745	4,967
	4,745	**4,967**
15 Loans Payable		
Federal Secured by Debentures		
School Construction Program	-	260
Land Development Corporation	-	166
	-	**426**
16 Pension, Retirement and Other Obligations		
Civil Service Superannuation Fund	22,401	23,001
Teachers' Superannuation Fund	187,012	181,204
Pension Plan for Members of the Legislative Assembly	(6,368)	(6,446)
Other Pension Plans	13,993	12,903
Retirement Benefits	53,364	51,191
Workers Compensation	16,091	15,531
	286,493	**277,384**

17 Debentures and Sinking Fund

Issue Date	Maturity Date	Interest Rate	Term of Years	Gross Funded Debt	Sinking Fund	Net Funded Debt 2005	Net Funded Debt 2004
Public and Private Issues:							
18-Apr-79	18-Apr-04	10.625%	25	-	-	-	54
15-Jun-94	15-Jun-04	9.375%	10	-	-	-	46,186
15-Dec-95	15-Dec-04	7.769%	20	-	-	-	3,043
15-Jan-87	15-Jan-07	9.875%	20	30,186	12,722	17,464	18,633
3-Oct-97	3-Oct-07	6.000%	10	35,000	6,318	28,682	29,796
22-Jun-88	22-Jun-08	11.375%	20	47,980	21,594	26,386	28,476
1-Dec-88	1-Dec-08	10.750%	20	44,687	18,930	25,757	27,604
16-Aug-90	16-Aug-10	11.500%	20	60,000	20,691	39,309	41,476
14-Mar-91	14-Mar-11	11.000%	20	50,000	15,719	34,281	35,956
19-Sep-91	19-Sep-11	11.000%	20	50,000	14,959	35,041	36,685
17-Dec-92	17-Dec-12	9.750%	20	50,000	12,577	37,423	38,891
18-Mar-93	18-Mar-13	9.250%	20	60,000	17,300	42,700	44,741
27-Oct-95	27-Oct-15	8.500%	20	75,000	14,903	60,097	62,212
15-Dec-93	15-Dec-23	8.500%	30	60,000	15,765	44,235	46,186
3-Sep-02	29-Jul-27	6.100%	25	100,000	2,715	97,285	98,696
21-Feb-00	21-Feb-30	6.800%	30	80,000	6,958	73,042	74,651
29-Jan-02	29-Jan-32	6.250%	30	100,000	4,878	95,122	96,874
12-Jun-03	21-Feb-34	5.600%	30	100,000	2,612	97,388	98,742
30-Sep-04	15-Jun-35	5.700%	30	100,000	-	100,000	-
10-Feb-05	19-May-36	5.300%	31	100,000	-	100,000	-
				1,142,853	188,641	954,212	828,902
Canada Pension Plan Issues							
1984-85	2004-2005	13.210%	20	-	-	-	10,500
1985-86	2005-2006	11.230%	20	8,975	-	8,975	8,975
1986-87	2006-2007	9.560%	20	13,526	-	13,526	13,526
1987-88	2007-2008	9.950%	20	10,010	-	10,010	10,010
1988-89	2008-2009	10.090%	20	9,703	-	9,703	9,703
1989-90	2009-2010	9.660%	20	10,544	-	10,544	10,544
1990-91	2010-2011	10.770%	20	9,603	-	9,603	9,603
1991-92	2011-2012	9.930%	20	9,794	-	9,794	9,794
1992-93	2012-2013	9.340%	20	6,971	-	6,971	6,971
1998-99	2018-2019	5.930%	20	376	-	376	376
1999-00	2019-2020	6.450%	20	7,332	-	7,332	7,332
2000-01	2020-2021	6.640%	20	9,136	-	9,136	9,136
2001-02	2021-2022	6.563%	20	11,374	-	11,374	11,374
2002-03	2022-2023	6.202%	20	11,360	-	11,360	11,360
2003-04	2023-2024	5.721%	20	11,135	-	11,135	11,135
2004-05	2024-2025	5.659%	20	10,500	-	10,500	-
				140,339	-	140,339	140,339
Total Debentures and Sinking Fund				**1,283,192**	**188,641**	**1,094,551**	**969,241**

The debentures listed on this schedule have been issued in Canadian dollars.

Canada Pension Plan debentures are callable by the Federal Minister of Finance on six months notice. No calls have occurred to date and none are expected.

18 Tangible Capital Assets

	Land ($000)	Buildings ($000)	Leasehold Improvements ($000)	Roads and Bridges ($000)	Motor Vehicles ($000)	Equipment ($000)	Other ($000)	Total 2005 ($000)	Total 2004 ($000)
Balance, beginning of year	17,620	56,910	6,416	489,590	22,632	23,526	38,916	655,610	634,348
Additions	1,683	430	-	11,201	1,204	612	1,463	16,593	24,381
Disposals	(179)	-	-	-	(612)	-	-	(791)	(3,119)
Balance, end of year	19,124	57,340	6,416	500,791	23,224	24,138	40,379	671,412	655,610
Accumulated Amortization, beginning of year	-	34,086	1,525	349,873	17,732	7,695	16,698	427,609	406,697
Amortization	-	1,609	305	16,384	1,136	2,613	938	22,985	23,496
Adjustments for Disposals	-	-	-	-	(531)	-	-	(531)	(2,584)
Accumulated Amortization, end of year	-	35,695	1,830	366,257	18,337	10,308	17,636	450,063	427,609
Net Book Value	19,124	21,645	4,586	134,534	4,887	13,830	22,743	221,349	228,001

Amortization is calculated using the straight line method (see Note 2 (d)).

The Province's policy regarding revenues received for tangible capital assets is to reduce the cost of the asset by the amount of the revenue received. The following revenue offsets have been applied to assets:

	2005 ($000)	2004 ($000)
Federal Revenue	1,419	2,872

Historical cost is still being gathered for certain land parcels. Adjustments to costs may be required when more information becomes available.

19 Prepaid Expenses

	2005 ($000)	2004 ($000)
Interest on Treasury Notes	553	1,750
Payroll Remittances	515	255
	1,068	**2,005**

20 Inventories

	2005 ($000)	2004 ($000)
Land (Tax Sales)	113	-
Depatment of Education	1,286	-
Department of Transportaion and Public Works	2,116	-
	3,515	**-**

21 Trust Funds

BALANCE		Cash and Receivables ($000)	Investments ($000)	Liabilities ($000)	Balance of Fund ($000)
Cable Replacement Fund		29	3,061	-	3,090
Civil Service Superannuation Fund		1,123	501,642	731	502,034
Pension Plan for M.L.A.s	1	72	21,062	63	21,071
Public Trustee		1,715	7,437	408	8,744
Supreme Court		317	815	-	1,132
Teachers' Superannuation Fund	2	1,644	308,009	842	308,811
Totals		**4,900**	**842,026**	**2,044**	**844,882**

CONTINUITY		Fund Balance 31-Mar-04 ($000)	Increase (Decrease) in Funds ($000)	Fund Balance 31-Mar-05 ($000)
Cable Replacement Fund		3,027	63	3,090
Civil Service Superannuation Fund		473,687	28,347	502,034
Pension Plan for M.L.A.s	1	20,470	601	21,071
Public Trustee		8,566	178	8,744
Queen Mother Fund	3	50	(50)	-
Supreme Court		955	177	1,132
Teachers' Superannuation Fund	2	267,389	41,422	308,811
Utility Capital Replacement Fund	4	174	(174)	-
Totals		**774,318**	**70,564**	**844,882**

1 - In January 2004 the MLA Pension Fund (Old Plan) was amalgamated with the Pension Plan for for MLAs (New Plan).

The Pension Plan for for MLAs has a fiscal year end of December 31, 2004.

2 - The Teachers' Superannuation Fund has a fiscal year end of June 30, 2004.

3 - The balance of funds in the Queen Mother Fund were disbursed in the fiscal year ended March 31, 2005.

4 - On March 31, 2004 Treasury Board approved the transfer of the management and operations of the Northport and Georgetown Water Utilities from the Department of Environment and Energy to Environmental Industrial Services Inc (a subsidiary of PEI Business Development Inc). The transfer of funds being held in trust by the Province in the Capital Replacement Fund took place on June 2, 2004.

Trusts administered by the Province on behalf of other parties are excluded from the reporting entity.

22 Guaranteed Debt

		Principal Guaranteed ($000)	Outstanding 31-Mar-05 ($000)	Outstanding 31-Mar-04 ($000)
1	Lines of Credit / Demand Loans	6,250	4,128	3,637
2	Debentures / Capital Loans	131,268	120,745	85,508
3	Student Loans	15,485	15,485	11,423
	Total Guaranteed Debt	**153,003**	**140,358**	**100,568**

	Maturity Date	Principal Guaranteed ($000)	Outstanding 31-Mar-05 ($000)	Outstanding 31-Mar-04 ($000)
1 Lines of Credit / Demand Loans				
P.E.I. Grain Elevators Corp.	15-Dec-2005	3,250	1,128	637
S'Side Regional Dev Corp	28-Feb-2006	3,000	3,000	3,000
		6,250	**4,128**	**3,637**
2 Debenture / Capital Loans				
Atlantic Technology Centre	31-Aug-2017	12,100	10,852	11,400
Capital Area Recreation Inc	Aug-2005 to Dec-2008	5,350	3,371	-
Ch'town Area Dev. Corp.	15-May-2013	11,800	9,173	9,626
Communities 13 Inc.	Oct-2005 to Aug-2012	590	443	503
Dept Agriculture-Hog Producers		7,658	7,873	3,494
Island Invesment Dev. Inc.		50,534	50,534	19,797
Island Waste Management	31-Dec-2027	30,130	28,773	29,177
PEI Energy Corporation	6-Mar-2017	9,360	7,895	8,334
Pownal Sports Centre	Dec-2005 to Mar-2024	3,355	1,735	2,956
Prince County Hospital	4-Dec-2008	391	96	120
South Shore Community Org	1-Dec-2004	-	-	101
		131,268	**120,745**	**85,508**

Both principal and interest are guaranteed for loan guarantees and debenture share issues. During the term authorized, lines of credit may revolve up to the original principal guaranteed plus interest due.

3 Student Loans

Effective August 1, 2001 the Province entered into an agreement with Credit Union Central of PEI for the funding and delivery of the PEI Student Loan Program. All provincial student loans issued under this program are guaranteed by the Province. As at March 31, 2005 student loans outstanding under this program totalled $15.5 million (2004 - $11.4 million).

Prior to August 1, 2001 the Province paid a risk premium, in lieu of providing loan guarantees, to banks who provided student loans. Under certain conditions loan guarantees are provided to these lenders by the Province. These conditions include loans to minors, loans to individuals who became disabled or deceased and loans to individuals with a history of credit abuse. The student loans outstanding, subject to these conditional guarantees, cannot be readily determined at year end.

A provision for losses on student loans in the amount of $2.2 million has been recorded at March 31, 2005 (2004 - $1.7 million). Management believes this provision is sufficient to cover losses on both of the loan programs.

23 Provision for Doubtful Accounts and Losses

	Provision 31-Mar-04 ($000)	Written Off During Year ($000)	Increase (Decrease) Provided ($000)	Provision 31-Mar-05 ($000)	
Accounts Receivable:					
Provincial Taxes					
Provincial Sales Tax	1,287	(820)	888	1,355	
Real Property Tax	319	(119)	100	300	
Transportation and P.W.	1,585	-	-	1,585	
	3,191	(939)	988	3,240	1
Property Holdings:					
Property Holdings - Polar Foods	23,670	-	(23,670)	-	
Loans Receivable:					
P.E.I. Business Dev. Inc.	2,682	-	1,275	3,957	
P.E.I. Lending Agency	8,782	-	(8,782)	-	
	11,464	-	(7,507)	3,957	2
Loan Guarantees:					
Operating Fund	2,678	-	1,117	3,795	
P.E.I. Business Dev. Inc.	1,498	(200)	-	1,298	
P.E.I. Lending Agency	50	-	(50)	-	
	4,226	(200)	1,067	5,093	3
Totals	**42,551**	**(1,139)**	**(29,122)**	**12,290**	

1 - The Provisions for Doubtful Accounts for Accounts Receivable are deducted on Schedule 2.

2 - The Provisions for Doubtful Accounts for Loans Receivable are deducted on Schedule 7.

3 - The Provisions for Losses on Loan Guarantees are included in Accrued Liabilities on Schedule 12.

24 Schedule of Debentures Issued and Matured

ISSUED

Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Price Received
Provincial Debentures				
30-Sep-04	5.70%	15-Jun-35	100,000	99.91
10-Feb-05	5.30%	19-May-36	100,000	99.36
			200,000	
Canada Pension Plan				
2-Apr-04	5.41%	2-Apr-24	1,493	100.00
1-May-04	5.72%	1-May-24	2,005	100.00
1-Jun-04	5.73%	1-Jun-24	2,101	100.00
3-Jul-04	5.90%	3-Jul-24	1,468	100.00
1-Aug-04	5.82%	1-Aug-24	952	100.00
4-Sep-04	5.57%	4-Sep-24	827	100.00
1-Oct-04	5.48%	1-Oct-24	407	100.00
1-Nov-04	5.48%	1-Nov-24	951	100.00
2-Jan-05	5.36%	2-Jan-25	296	100.00
			10,500	
Total Debentures Issued			**210,500**	

MATURED

Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue	Amount Matured	Redeemed By Operating Fund	Redeemed By Sinking Fund
Provincial Debentures						
15-Dec-95	7.769%	Quarterly	25,000	3,043	3,043	-
18-Apr-79	10.63%	18-Apr-04	4,526	4,526	-	4,526
15-Jun-94	9.38%	15-Jun-04	59,058	59,058	4,289	54,769
				66,627	**7,332**	**59,295**
Canada Pension Plan						
2-Apr-84	12.60%	2-Apr-04	1,493	1,493	1,493	
1-May-84	13.48%	1-May-04	2,005	2,005	2,005	
1-Jun-84	13.70%	1-Jun-04	2,101	2,101	2,101	
3-Jul-84	13.80%	3-Jul-04	1,468	1,468	1,468	
1-Aug-84	14.06%	1-Aug-04	952	952	952	
4-Sep-84	13.20%	4-Sep-04	827	827	827	
1-Oct-84	13.05%	1-Oct-04	407	407	407	
1-Nov-84	12.96%	1-Nov-04	951	951	951	
2-Jan-85	12.08%	2-Jan-05	296	296	296	
				10,500	**10,500**	**-**
Total Debentures Matured				**77,127**	**17,832**	**59,295**

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Schedules to Statement of Operations
for the year ended March 31, 2005

Revenue	2005 Unaudited Budget Excerpts ($000)	2005 Actual ($000)	2004 Actual ($000)
25 Taxes			
Personal Income Tax	176,603	178,041	164,858
Sales Tax	178,760	173,375	172,052
Real Property Tax	55,366	57,885	52,980
Gasoline Tax	43,137	42,712	36,196
Corporate Income Tax	18,429	26,727	29,828
Health Tax on Tobacco	29,262	27,359	25,631
Health Tax on Liquor	12,307	12,256	12,004
Insurance Premium Tax	6,900	7,957	7,947
Corporation Capital Tax	3,204	3,184	1,955
Environment Tax	300	293	279
Fire Prevention Tax	350	408	356
	524,618	**530,197**	**504,086**
26 Licenses and Permits			
Motor Vehicle Registry	11,327	12,052	11,818
Registration and Licensing Act	630	678	703
Securities Act	2,240	2,548	2,298
Security Brokers and Salesmen Licenses	700	873	776
Other	2,342	2,483	2,182
	17,239	**18,634**	**17,777**
27 Fees and Services			
Patient Fees	10,578	11,156	10,523
Housing Rental	4,385	4,597	4,525
Special Project Fund	-	230	2,135
Land Title and Registry Fees	2,130	2,618	2,397
Fines and Penalties	635	485	530
R.C.M.P. Recoveries	802	845	810
Campground Fees	785	711	791
Third Party Insurance	1,800	1,974	2,070
Probate Court Fees	140	1,119	1,073
Other	8,663	8,298	5,942
	29,918	**32,033**	**30,796**
28 Sales			
Lottery Revenue	20,484	16,556	17,189
Liquor Control Commission	10,682	10,928	10,643
Other	2,536	2,072	2,288
	33,702	**29,556**	**30,120**

	2005 Unaudited Budget Excerpts ($000)	2005 Actual ($000)	2004 Actual ($000)
29 Investment Income			
PEI Business Development Inc	1,449	1,390	546
PEI Lending Agency	8,601	7,743	8,753
PEI Housing Corporation	1,227	1,194	1,392
Other	2,518	3,321	4,081
	13,795	13,648	14,772
30 Government of Canada			
Equalization	245,783	280,611	243,790
Canada Health and Social Transfer	-	-	103,751
Canada Health Transfer	69,093	73,152	-
Canada Social Transfer	36,612	36,450	-
Community and Labour Market Development	5,601	6,478	5,594
Housing Programs	1,800	2,294	2,310
Youth Justice Services	2,152	2,258	2,458
Official Languages in Education	1,844	2,243	1,971
Promotion of Official Languages	1,151	1,656	1,572
Infrastructure Program	5,557	2,906	2,326
Statutory Subsidy	679	679	679
Rehabilitation Programs	625	1,376	625
Primary Health Care Transition Fund	2,461	2,286	1,803
Health Reform Funding	6,512	9,179	4,338
Diagnostic Equipment Funding	2,208	301	2,217
Agriculture Insurance Corporation	456	1,049	764
BSE Recovery Program	-	3	3,112
Agriculture Policy Framework Agreement	1,747	1,561	2,284
Disaster Assistance	3,320	-	566
Other	4,022	3,360	3,907
	391,623	427,842	384,067

Expense

	2005 Unaudited Budget Excerpts ($000)	2005 Actual ($000)	2004 Actual ($000)
31 Agriculture, Fisheries and Aquaculture			
Dept of Agriculture, Fisheries and Aquaculture	33,041	36,626	33,314
P.E.I. Grain Elevators Corp.	165	165	165
	33,206	36,791	33,479
32 Development and Technology			
Department of Development and Technology	5,619	5,560	7,332
P.E.I. Business Development Inc.	22,150	21,850	28,427
Employment Development Agency	3,044	2,902	5,151
	30,813	30,312	40,910

	2005 Unaudited Budget Excerpts ($000)	2005 Actual ($000)	2004 Actual ($000)
33 Education			
Department of Education	224,426	225,384	223,987
Island Regulatory & Appeals Commission	1,200	1,200	1,132
	225,626	**226,584**	**225,119**
34 Environment, Energy and Forestry			
Department of Environment, Energy and Forestry	12,051	11,735	12,197
P.E.I. Energy Corporation	600	600	674
	12,651	**12,335**	**12,871**
35 Health and Social Services			
Department of Health and Social Services	430,919	431,829	417,789
East Prince Health Facility	-	-	7,265
	430,919	**431,829**	**425,054**
36 Provincial Treasury			
Department of Provincial Treasury	19,643	17,752	18,464
General Government	7,821	5,246	23,055
Technology Asset Management	2,701	2,427	2,204
P.E.I. Lending Agency	762	3,436	4,529
Council of Atlantic Premiers	124	123	174
	31,051	**28,984**	**48,426**
37 Public Service Commission			
Public Service Commission	5,074	4,867	5,521
Employee Benefits	11,502	27,460	45,279
	16,576	**32,327**	**50,800**
38 Tourism			
Department of Tourism	137	129	104
Tourism PEI	11,891	12,313	12,139
	12,028	**12,442**	**12,243**
39 Transportation and Public Works			
Department of Transportation & Public Works	79,062	84,785	85,526
Interministerial Women's Secretariat	301	293	291
	79,363	**85,078**	**85,817**

40 Program Expense by Object

Department	Administration	Debt	Materials and Supplies	Professional & Contract Services	Salaries & Employee Benefits	Travel & Training	Transfer Payments	Total
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Agriculture,Fisheries and Aquacult.	399	600	759	3,335	8,866	748	22,084	36,791
Attorney General	623	-	1,099	11,217	18,491	563	552	32,545
Auditor General	25	-	13	29	1,134	19	12	1,232
Community and Cultural Affairs	263	-	709	431	7,475	292	12,441	21,611
Development and Technology	324	-	244	126	4,527	149	24,942	30,312
Education	1,229	770	2,490	302	137,136	369	84,288	226,584
Environment , Energy and Forestry	336	-	819	772	7,772	753	1,883	12,335
Executive Council	61	-	67	162	2,099	144	165	2,698
Health and Social Services	945	-	4,104	81,733	11,333	459	333,255	431,829
Legislative Assembly	128	-	106	80	2,770	134	192	3,410
Provincial Treasury	2,376	988	4,257	1,538	12,982	530	6,313	28,984
Public Service Commission	121	-	439	1,081	30,312	359	15	32,327
Tourism	9	-	20	2	4,691	9	7,711	12,442
Transportation and Public Works	6,511		25,384	11,399	33,727	1,106	6,951	85,078
Total Program Expenditures	13,350	2,358	40,510	112,207	283,315	5,634	500,804	958,178
Percentage of Total	1.5	0.2	4.2	11.7	29.6	0.6	52.3	100.0

Note 1 - Debt charges to Agriculture, Education and Provincial Treasury are for bad debt expenses.

Note 2 - Salaries include the salaries paid to School Unit Employees.

Summary

Of

Ordinary Revenues And Expenses

For the Year Ended March 31, 2005

PROVINCE OF PRINCE EDWARD ISLAND
SUMMARY OF ORDINARY REVENUE AND EXPENSES
YEAR ENDED MARCH 31, 2005

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
Department of Agriculture,Fisheries & Aquaculture				
Corporate and Financial Services	16,282,970	2,653,133	28,606	13,601,231
Strategic Planning and Measurement	405,386	54,618	-	350,768
Agriculture Resource Division	12,245,091	131,876	252,039	11,861,176
Agriculture Policy and Regulatory Division	5,292,431	-	145,251	5,147,180
Fisheries and Aquaculture	2,399,723	-	40,818	2,358,905
TOTAL Agriculture, Fisheries & Aquaculture	36,625,601	2,839,627	466,714	33,319,260
PEI Grain Elevators Corporation				
PEI Grain Elevators Corporation	165,000	-	-	165,000
TOTAL PEI Grain Elevators Corporation	165,000	-	-	165,000
Office of the Attorney General				
Administration	311,134	-	850	310,284
Justice Policy	650,103	2,587	-	647,516
Legal and Judicial Services	7,791,511	111,966	1,837,687	5,841,858
Consumer, Corporate and Insurance	1,299,708	237,088	15,561,373	(14,498,753)
Crown Attorney	1,037,951	-	-	1,037,951
Community and Correctional Services	11,918,263	2,438,925	212,770	9,266,568
Access and Privacy Services	157,911	-	55	157,856
Provincial Policing Services	9,378,659	-	844,658	8,534,001
TOTAL Attorney General	32,545,240	2,790,566	18,457,393	11,297,281
Auditor General				
Administration	1,231,460	-	-	1,231,460
TOTAL Auditor General	1,231,460	-	-	1,231,460
Department of Community and Cultural Affairs				
Policy and Administration	7,833,950	2,906,358	16,177	4,911,415
Planning and Inspection Services	6,025,743	296,022	905,974	4,823,747
Labour and Industrial Relations	543,437	-	150,634	392,803
Provincial Libraries	2,166,008	13,000	47,656	2,105,352
Culture and Heritage	2,082,137	587,639	3,081	1,491,417
P.E.I. Museum and Heritage Foundation	772,565	-	-	772,565
Recreation and Sport	2,186,828	225,900	-	1,960,928
TOTAL Community and Cultural Affairs	21,610,668	4,028,919	1,123,522	16,458,227

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
Department of Development and Technology				
Departmental Management	960,582	-	-	960,582
Single Window Service	2,849,341	103,595	638	2,745,108
Community and Labour Market Development	1,749,953	56,378	-	1,693,575
Infrastructure Support	-	-	-	-
TOTAL Development and Technology	5,559,876	159,973	638	5,399,265
PEI Business Development Inc				
PEI Business Development Inc	21,849,500	3,500	-	21,846,000
TOTAL PEI Business Development Inc	21,849,500	3,500	-	21,846,000
Employment Development Agency				
Management	358,717	-	-	358,717
Job Creation and Placement	1,824,804	-	-	1,824,804
Jobs for Youth	718,861	-	-	718,861
TOTAL Employment Development Agency	2,902,382	-	-	2,902,382
Liquor Control Commission				
General	-	-	10,928,293	(10,928,293)
TOTAL Liquor Control Commission	-	-	10,928,293	(10,928,293)
Department of Education				
Policy, Planning and Evaluation	353,867	-	-	353,867
Finance and School Board Operations	153,191,530	2,243,381	630,826	150,317,323
Technology in Learning	3,433,036	83,490	-	3,349,546
Branch Administration and Kindergarten	3,149,674	-	7,500	3,142,174
English Programs	2,214,087	-	8,860	2,205,227
French Programs	1,313,266	-	-	1,313,266
Student Services	2,128,386	-	-	2,128,386
Continuing Education and Training	59,600,518	6,642,352	30,104	52,928,062
TOTAL Department of Education	225,384,364	8,969,223	677,290	215,737,851
Island Regulatory and Appeals Commission				
General	1,200,000	-	-	1,200,000
TOTAL Island Regulatory and Appeals Comm.	1,200,000	-	-	1,200,000
Department of Environment, Energy & Forestry				
Department Management	282,270	-	-	282,270
Pollution Prevention	1,548,901	521	140,811	1,407,569
Water Management	2,157,960	80,000	474,624	1,603,336
Conservation and Management	1,789,895	105,955	433,138	1,250,802
Administration	475,379	-	842	474,537
Forestry and Land Resource Modeling	5,480,397	-	687,713	4,792,684
TOTAL Environment, Energy & Forestry	11,734,802	186,476	1,737,128	9,811,198

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
PEI Energy Corporation				
Operations	600,600	-	116,852	483,748
TOTAL PEI Energy Corporation	600,600	-	116,852	483,748
Executive Council				
Premier's Office	609,836	-	1,677	608,159
Executive Council Office	1,026,234	-	-	1,026,234
Planning and Research	14,173	-	-	14,173
Intergovernmental Affairs	280,368	-	-	280,368
Acadian and Francophone Affairs	727,204	513,955	-	213,249
Electoral Boundaries Commission	40,420	-	-	40,420
TOTAL Executive Council	2,698,235	513,955	1,677	2,182,603
Department of Health and Social Services				
Corporate Services	2,543,085	45,640	81	2,497,364
Office of the Chief Health Officer	1,565,613	-	1,047,994	517,619
Medical Programs	88,911,337	2,285,717	83,025	86,542,595
Finance and Administration	7,781,308	2,854,533	481,060	4,445,715
Health Informatics	7,542,823	-	-	7,542,823
Health Policy Development	3,025,644	183,999	230,119	2,611,526
Social Policy Development	6,732,093	1,708,006	3,070	5,021,017
Regulatory Services	1,149,829	106,280	446,299	597,250
Cancer Treatment / MRI Services	-	-	-	-
Provincial Health Services Authority	124,865,904	-	-	124,865,904
Regionally Delivered Services	186,995,894	-	-	186,995,894
Regionally Delivered Services	715,855	258,585	15,989,293	(15,532,023)
TOTAL Health and Social Services	431,829,385	7,442,760	18,280,941	406,105,684
Legislative Assembly				
Legislative Services	1,505,270	-	-	1,505,270
Members	1,593,334	-	-	1,593,334
Office of the Conflict of Interest Commissioner	25,096	-	-	25,096
Office of the Information & Privacy Commissioner	81,185	-	-	81,185
Elections	205,277	-	-	205,277
TOTAL Legislative Assembly	3,410,162	-	-	3,410,162
Department of the Provincial Treasury				
Administration	476,420	-	843	475,577
Fiscal Management	941,804	-	-	941,804
Policy and Evaluation	556,093	-	270,216	285,877
Taxation and Property Records	6,041,265	-	337,209,167	(331,167,902)
Office of the Comptroller	1,335,120	197,029	161,652	976,439
Information Services	3,083,495	-	57,757	3,025,738
Economics, Statistics & Federal Fiscal Relations	426,337	400,371,574	204,768,099	(604,713,336)
Information Technology Management Group	4,891,638	-	487,483	4,404,155
TOTAL Department of the Provincial Treasury	17,752,172	400,568,603	542,955,217	(925,771,648)

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
General Government				
Miscellaneous General	226,718	-	-	226,718
Grants	1,748,921	-	187,249	1,561,672
Government Insurance Program	1,186,852	-	19,249	1,167,603
Salary Negotiation	743,996	-	-	743,996
Contingency Fund	1,339,622	-	-	1,339,622
TOTAL General Government	5,246,109	-	206,498	5,039,611
Technology Asset Management				
Technology Asset Management	2,427,002	-	-	2,427,002
TOTAL Technology Asset Management	2,427,002	-	-	2,427,002
PEI Lending Agency				
General	3,436,200	-	-	3,436,200
TOTAL PEI Lending Agency	3,436,200	-	-	3,436,200
Council of Atlantic Premiers				
Atlantic Provinces Education Foundation	15,917	-	-	15,917
Council of Atlantic Premiers Secretariat	17,400	-	-	17,400
Maritime Prov. Higher Education Commission	84,943	-	-	84,943
Atlantic Prov. Community College Consortium	4,640	-	-	4,640
TOTAL Council of Atlantic Premiers	122,900	-	-	122,900
Public Service Commission				
Management	203,356	-	-	203,356
Classification and Labour Relations	1,334,281	-	-	1,334,281
Learning and Development	671,285	85,000	254,671	331,614
Staffing and Human Resources Planning	1,078,213	-	506,514	571,699
Corporate Services, Systems & Administration	1,579,599	5,600	330,660	1,243,339
TOTAL Public Services Commission	4,866,734	90,600	1,091,845	3,684,289
Employee Benefits				
Medical / Life Benefits	234,846	-	-	234,846
Employees' Future Benefits	9,059,662	-	23,724	9,035,938
Government Pension Contribution	17,862,290	-	118,455	17,743,835
Pension Management	303,558	-	-	303,558
TOTAL Employee Benefits	27,460,356	-	142,179	27,318,177
Department of Tourism				
Department Management	129,216	-	-	129,216
TOTAL Tourism	129,216	-	-	129,216
Tourism PEI				
Tourism PEI Inc	12,312,907	99,880	1,277,394	10,935,633
TOTAL Tourism PEI	12,312,907	99,880	1,277,394	10,935,633

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
Department of Transportation and Public Works				
Finance & Human Resources	1,249,742	-	-	1,249,742
Highway Safety & Information Technology	2,509,697	147,997	12,334,077	(9,972,377)
Land & Environmental	2,096,975	-	-	2,096,975
Highway Maintenance Operations	39,914,470	-	462,994	39,451,476
Public Works & Planning	15,003,844	-	485,244	14,518,600
Capital Project Division	8,336,209	-	18,931	8,317,278
Provincial Waste Management	7,076,201	-	-	7,076,201
Capital	8,597,788	-	256,422	8,341,366
TOTAL Transportation and Public Works	84,784,926	147,997	13,557,668	71,079,261
Interministerial Women's Secretariat				
Interministerial Women's Secretariat	293,272	-	-	293,272
TOTAL Interministerial Women's Secretariat	293,272	-	-	293,272
Interest Charges / Investment Income				
Interest	100,915,517	-	13,047,142	87,868,375
Amortization of Debenture Discount	1,171,620	-	-	1,171,620
TOTAL Interest Charges / Investment Income	102,087,137	-	13,047,142	89,039,995
TOTAL PROVINCE	**1,060,266,206**	**427,842,079**	**624,068,391**	**8,355,736**

Details

Of

Ordinary Revenues With Estimates

For the Year Ended March 31, 2005

DEPARTMENT OF AGRICULTURE, FISHERIES AND AQUACULTURE

	REVENUE $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Finance and Administration		
Federal		
Miscellaneous	1,560,604	1,747,000
Fees and Services		
FOIP Fees	75	-
Miscellaneous	28,531	-
	1,589,210	1,747,000
Communications		
Federal		
Miscellaneous	43,824	30,000
	43,824	30,000
Farm Income Risk Management		
Federal		
Crop Insurance	1,048,705	456,400
	1,048,705	456,400
Total Corporate and Financial Services	**2,681,739**	**2,233,400**
STRATEGIC PLANNING AND MEASUREMENT		
Division Management		
Federal		
Miscellaneous	54,618	-
Total Strategic Planning and Measurement	**54,618**	-
AGRICULTURE RESOURCE DIVISION		
Division Management		
Federal		
Miscellaneous	41,590	-
	41,590	-
Soil and Feed Lab		
Fees and Services		
Soil and Feed Lab Fees	167,822	155,000
	167,822	155,000
Plant Health and Diagnostics Program		
Fees and Services		
Miscellaneous	600	-
	600	-
Dairy Lab		
Fees and Services		
Dairy Lab Fees	70,633	58,000
	70,633	58,000

AGRICULTURE,FISHERIES AND AQUACULTURE

Continued

	REVENUE $	ESTIMATES $
Farm Extension Services		
Federal		
Miscellaneous	3,373	-
Licenses and Permits		
Miscellaneous	1,192	-
Fees and Services		
Miscellaneous	9,834	1,500
Sales		
Miscellaneous	795	-
	15,194	1,500
Sustainable Agriculture Resources		
Federal		
Miscellaneous	86,913	200,000
Fees and Services		
Miscellaneous	960	-
Sales		
Miscellaneous	203	-
	88,076	200,000
Total Agriculture Resource Division	**383,915**	**414,500**
AGRICULTURE POLICY AND REGULATORY DIVISION		
Division Management		
Licenses and Permits		
Miscellaneous	471	2,400
Fees and Services		
Miscellaneous	250	-
	721	2,400
Plant Health Regulatory Program		
Fees and Services		
Disinfection Fees	144,530	165,000
	144,530	165,000
Total Agriculture Policy and Regulatory Division	**145,251**	**167,400**
FISHERIES AND AQUACULTURE		
Services		
Fees and Services		
Miscellaneous	33,535	30,000
	33,535	30,000
Aquaculture		
Sales		
Miscellaneous	7,283	5,000
	7,283	5,000
Total Fisheries and Aquaculture	**40,818**	**35,000**
TOTAL AGRICULTURE, FISHERIES and AQUACULTURE	**3,306,341**	**2,850,300**

OFFICE OF THE ATTORNEY GENERAL

	REVENUE $	ESTIMATES $
ADMINISTRATION		
Administration		
Fees & Services		
Miscellaneous	850	-
Total Administration	**850**	-
JUSTICE POLICY		
Justice Policy		
Federal		
Miscellaneous	2,587	2,400
Total Justice Policy	2,587	2,400
LEGAL AND JUDICIAL SERVICES		
Judicial Services		
Fees and Services		
Court Fees	105,412	140,000
Probate Court Fees	246,501	160,900
Fines & Penalties	484,515	635,000
	836,428	935,900
Sheriff's Office		
Fees and Services		
Sheriff Fees	128,493	165,000
	128,493	165,000
Legal Aid		
Federal		
Legal Aid	61,391	402,000
	61,391	402,000
Courthouse Automation Project		
Fees and Services		
Probate Court Fees	872,766	966,400
	872,766	966,400
Family Law		
Federal		
Miscellaneous	50,575	214,900
	50,575	214,900
Total Legal and Judicial Services	**1,949,653**	**2,684,200**

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
CONSUMER, CORPORATE AND INSURANCE		
Corporate Services		
Licenses and Permits		
Companies Act	373,539	330,000
Registration and Licensing Act	677,640	630,000
Securities Act	2,547,953	2,240,000
Securities, Brokers and Salesmen	872,800	700,000
Partnership Act	113,723	100,000
Fees and Services		
Company Inspection Fees	1,300	5,000
Sales		
Miscellaneous	580	700
	4,587,535	4,005,700
Consumer Services		
Licenses and Permits		
Provincial Lotteries	231,342	240,000
Film Act	-	4,000
P.I. Security Guards Act	13,170	10,000
Collecting Agency Act	6,300	7,500
Direct Sellers Act	3,003	4,500
Auctioneers Act	2,700	1,400
Miscellaneous	34,686	35,000
	291,201	302,400
Insurance Services		
Licenses and Permits		
Insurance Act	139,575	150,000
Real Estate Agents	12,425	9,000
Miscellaneous	187,486	64,000
Fees and Services		
Third Party Insurance	1,974,476	1,800,000
Sales		
Miscellaneous	3,025	3,800
Taxes		
Insurance Premium Taxes	7,957,113	6,900,000
Fire Prevention Tax Act	408,537	350,000
	10,682,637	9,276,800
Gun Control		
Federal		
Gun Control	237,088	205,000
	237,088	205,000
Total Consumer, Corporate and Insurance	**15,798,461**	**13,789,900**
COMMUNITY AND CORRECTIONAL SERVICES		
Division Management		
Federal		
Young Offenders	2,258,007	2,152,100
	2,258,007	2,152,100

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
Provincial Correctional Centre		
Federal		
Exchange of Service Agreement	68,235	75,000
Sales		
Meals	13,570	9,000
	81,805	84,000
Prince County Correctional Centre		
Sales		
Meals	2,945	3,500
	2,945	3,500
Youth Justice Services		
Sales		
Meals	821	-
	821	-
Georgetown Youth Centre		
Federal		
Special Income Assistance	647	-
Sales		
Meals	4,055	3,700
	4,702	3,700
Summerside Youth Centre		
Federal		
Special Income Assistance	9,429	-
Allowance for Young Offenders	-	32,000
Sales		
Meals	21,344	37,200
	30,773	69,200
Victim Services		
Federal		
Miscellaneous	102,607	100,000
Fees and Services		
Victims Surcharge-Federal	38,144	34,000
Victims Surcharge-Provincial	131,891	260,000
	272,642	394,000
Clinical Services		
Federal		
Miscellaneous	-	100,000
Total Community and Correctional Services	**2,651,695**	**2,806,500**
ACCESS AND PRIVACY SERVICES		
Fees & Services		
FOIP Fees	10	-
Miscellaneous	45	-
Total Access and Privacy Services	**55**	**-**

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
PROVINCIAL POLICING SERVICES		
Fees and Services		
RCMP Recoveries	844,658	801,500
Total Access and Privacy Services	**844,658**	**801,500**
TOTAL OFFICE OF THE ATTORNEY GENERAL	**21,247,959**	**20,084,500**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

	REVENUE $	ESTIMATES $
POLICY AND ADMINISTRATION		
Administration		
Sales		
Miscellaneous	16,658	115,700
	16,658	115,700
Infrastructure		
Federal		
Infrastructure	2,905,877	5,557,000
	2,905,877	5,557,000
Total Policy and Administration	**2,922,535**	**5,672,700**
PLANNING AND INSPECTION SERVICES		
Administration		
Licences & Permits		
Sub-Division Payments	75	-
Sales		
Geomatics Services	12,541	-
	12,616	-
Building and Development		
Licenses and Permits		
Sub-Division Permits	86,917	80,000
Sewage Disposal Permits	95,854	120,000
Building Permits	133,182	100,000
Fees and Services		
Entry Way Permits	1,026	-
	316,979	300,000
Emergency Measures Organization		
Federal		
Disaster Assistance	-	3,320,000
	-	3,320,000
Joint Emergency Preparedness Projects		
Federal		
Emergency Measures Organization	159,000	155,100
	159,000	155,100
Electrical Inspection		
Fees and Services		
Electrical Inspection Fees	325,299	317,000
Miscellaneous	8,790	-
	334,089	317,000

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	REVENUE $	ESTIMATES $
Boiler and Plumbing Inspection		
Federal		
Federal Boiler Inspection Fees	77,022	75,000
Fees and Services		
Plumbing Permits	93,814	50,000
Boiler Inspection Fees	102,847	142,000
Engineers Fees	45,603	25,000
	319,286	292,000
Municipal Affairs		
Federal		
French Service Agreement	60,000	-
	60,000	-
911 Administration		
Fees & Services		
Sign Fees	26	-
Miscellaneous	-	362,000
	26	362,000
Total Planning and Inspection Services	**1,201,996**	**4,746,100**
LABOUR AND INDUSTRIAL RELATIONS		
Administration		
Fees and Services		
Fees - Workers Compensation Board	150,634	79,500
Total Labour and Industrial Relations	**150,634**	**79,500**
PROVINCIAL LIBRARIES		
Confederation Centre Public Library		
Fees and Services		
Miscellaneous	20,606	10,500
	20,606	10,500
French Library Services		
Federal		
French Service Agreement	13,000	5,600
Fees and Services		
Miscellaneous	6,757	4,000
Sales		
Miscellaneous	-	3,000
	19,757	12,600
Branch Libraries		
Fees and Services		
Miscellaneous	20,293	5,500
	20,293	5,500
Total Provincial Libraries and Public Archives	**60,656**	**28,600**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS Continued

	REVENUE $	ESTIMATES $
CULTURE AND HERITAGE		
Cultural Affairs		
Federal		
French Service Agreement	437,130	455,600
Miscellaneous	150,509	-
	587,639	455,600
Public Archives and Records Office		
Federal		
Miscellaneous	-	20,000
Sales		
Miscellaneous	3,081	3,000
	3,081	23,000
Total Culture and Heritage	**590,720**	**478,600**
RECREATION AND SPORT		
Recreation and Sport		
Federal		
French Service Agreement	25,900	-
Miscellaneous	200,000	200,000
TotalRcreation and Sport	**225,900**	**200,000**
TOTAL COMMUNITY & CULTURAL AFFAIRS	**5,152,441**	**11,205,500**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	REVENUE $	ESTIMATES $
SINGLE WINDOW SERVICE		
Government Website		
Federal		
French Service Agreement	51,940	-
Miscellaneous	30,900	30,900
	82,840	30,900
Evangeline RSC		
Federal		
French Service Agreement	20,755	-
Sales		
Miscellaneous	331	-
	21,086	-
Riverside Access PEI		
Fees and Services		
Welfare Overpayment Recovery	307	-
	307	-
Total Single Window Service	**104,233**	**30,900**
COMMUNITY AND LABOUR MARKET DEVELOPMENT		
Federal		
Community & Labour Market Development	56,378	48,500
Total Community and Labour Market Development	**56,378**	**48,500**
TOTAL DEVELOPMENT AND TECHNOLOGY	**160,611**	**79,400**

P.E.I. BUSINESS DEVELOPMENT INC.

	REVENUE $	ESTIMATES $
DEVELOPMENT ASSISTANCE		
Official Language		
Federal		
French Services Agreement	3,500	3,500
TOTAL P.E.I. BUSINESS DEVELOPMENT INC	**3,500**	**3,500**

LIQUOR CONTROL COMMISSION

	REVENUE $	ESTIMATES $
GENERAL		
Sales		
Liquor Control Act	10,928,293	10,681,700
TOTAL LIQUOR CONTROL COMMISSION	**10,928,293**	**10,681,700**

DEPARTMENT OF EDUCATION

	REVENUE $	ESTIMATES $
FINANCE AND SCHOOL BOARD OPERATIONS		
Administration		
Fees and Services		
Miscellaneous	74,904	29,200
Sales		
Miscellaneous	4,363	-
	79,267	29,200
Grants to School Boards		
Federal		
Minority & Second Language	2,243,381	1,844,000
Fees and Services		
Tuition Reimbursement	551,559	463,000
Miscellaneous	-	100,000
	2,794,940	2,407,000
Total Finance and School Board Operations	**2,874,207**	**2,436,200**
TECHNOLOGY IN LEARNING		
Systems and Technology Services		
Federal		
Miscellaneous	79,640	71,600
	79,640	71,600
Technology		
Federal		
French Service Agreement	3,850	-
Miscellaneous	-	264,600
	3,850	264,600
Total Technology in Learning	**83,490**	**336,200**
BRANCH ADMINISTRATION AND KINDERGARTEN		
Administration		
Fees and Services		
Miscellaneous	7,500	-
Total Branch Administration and Kindergarten	**7,500**	-
ENGLISH PROGRAMS		
Programs - General		
Fees and Services		
High School Testing Fees	8,860	2,500
Total English Programs	**8,860**	**2,500**

DEPARTMENT OF EDUCATION

Continued

	REVENUE $	ESTIMATES $
CONTINUING EDUCATION AND TRAINING		
General		
Federal		
Canada Employment	6,422,000	5,552,000
Student Loan Administration	220,352	216,000
	6,642,352	5,768,000
Apprenticeship and Training		
Fees and Services		
Miscellaneous	12,196	6,200
	12,196	6,200
Post Secondary Grants		
Investment		
Miscellaneous	17,908	-
	17,908	-
Total Continuing Education and Training	**6,672,456**	**5,774,200**
TOTAL DEPARTMENT OF EDUCATION	**9,646,513**	**8,549,100**

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

	REVENUE $	ESTIMATES $
POLLUTION PREVENTION		
Administration		
Licenses and Permits		
Miscellaneous	21,225	31,000
Fees & Services		
Miscellaneous	10,588	-
	31,813	31,000
Air and Hazardous Materials		
Federal		
Miscellaneous	521	-
Licenses and Permits		
Ozone Permits	15,725	10,000
Air Quality Permits	31,400	23,500
Junkyard Licenses	5,000	3,000
Miscellaneous	28,150	28,000
Sales		
Miscellaneous	21,256	17,500
	102,052	82,000
Pesticide Control		
Licenses & Permits		
Miscellaneous	2,350	2,000
Fees & Services		
Miscellaneous	3,669	3,500
Sales		
Miscellaneous	1,448	1,000
	7,467	6,500
Total Pollution Prevention	**141,332**	**119,500**
WATER MANAGEMENT		
Watershed Management		
Licenses and Permits		
Irrigation Permits		
Radiation Surveillance	-	20,000
	-	20,000
Watershed Management Program		
Fees & Services		
Miscellaneous	179	-
	179	-
Drinking Water Management		
Licenses and Permits		
Well Drillers Licenses	961	1,200
Septic Pumper Licenses	2,200	2,500
Sales		
Geomatics Services	-	45,000
	3,161	48,700

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY Continued

	REVENUE $	ESTIMATES $
Shellfish Program		
Federal		
Shellfish Monitoring	80,000	80,000
	80,000	80,000
PEI Analytical Laboratories - Microbiology		
Licenses and Permits		
Radiation Surveillance	289,660	300,000
Water Certification	181,624	120,000
	471,284	420,000
Total Water Management	**554,624**	**568,700**
CONSERVATION AND MANAGEMENT		
Adminsitration		
Federal		
Migratory Bird Program	2,484	3,000
Miscellaneous	103,471	-
Licenses and Permits		
Fish and Game Licenses	154,257	193,500
Irrigation Permits	7,500	8,000
Miscellaneous	122,292	152,000
Fees and Services		
Firearm Safety Administration	60	10,500
Sand Mining	9,117	-
Course Fees - Firearm Safety	884	-
Miscellaneous	8,273	-
Sales		
Miscellaneous	42,207	25,000
	450,545	392,000
Wetland Management		
Federal		
Wetland Management	-	10,000
Fees and Services		
Wetland Management Program	79,548	100,000
	79,548	110,000
Investigation and Enforcement		
Fees & Services		
Miscellaneous	9,000	-
	9,000	-
Total Conservation and Management	**539,093**	**502,000**
ADMINISTRATION		
General		
Fees and Services		
FOIP Fees	842	500
Total Administration	**842**	**500**

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY Continued

	REVENUE $	ESTIMATES $
FORESTRY AND LAND RESOURCE MODELLING		
Production Development		
Sales		
JF Gaudet Tree Nursery	81,174	130,000
	81,174	130,000
Provincial Forests Program		
Sales		
Forestry Sales	248,119	779,600
	248,119	779,600
Private Land Program		
Fees and Services		
Forestry Establishment Fees	54,194	75,000
Forestry Checkoff	299,325	303,000
	353,519	378,000
Resource Inventory and Modelling		
Fees and Services		
Miscellaneous	-	15,000
Sales		
Miscellaneous	4,901	5,500
	4,901	20,500
Total Forestry and Land Resource Modelling	**687,713**	**1,308,100**
TOTAL ENVIRONMENT AND ENERGY	**1,923,604**	**2,498,800**

PEI ENERGY CORPORATION

	REVENUE $	ESTIMATES $
OPERATIONS		
Licenses and Permits		
Gas and Oil Licenses	116,852	105,000
TOTAL PEI ENERGY CORPORATION	**116,852**	**105,000**

EXECUTIVE COUNCIL

	REVENUE $	ESTIMATES $
PREMIER'S OFFICE		
Licenses and Permits		
Miscellaneous	1,677	-
Total Premier's Office	**1,677**	-
ACADIAN AND FRANCOPHONE AFFAIRS		
Francophone Affairs		
Federal		
French Services Agreement	510,455	283,000
	510,455	283,000
Acadian Communities Advisory Committee		
Federal		
French Services Agreement		
	3,500	6,700
Total Acadian and Francophone Affairs	**513,955**	**289,700**
TOTAL EXECUTIVE COUNCIL	**515,632**	**289,700**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

	REVENUE $	ESTIMATES $
CORPORATE SERVICES		
General Office		
Federal		
French Services Agreement	-	27,500
	-	27,500
Partnerships and Strategic Planning		
Fees & Services		
FOIP Fees	81	-
	81	-
Human Resource Management		
Federal		
French Services Agreement	45,640	-
	45,640	-
Total Corporate Services	**45,721**	**27,500**
OFFICE OF THE CHIEF HEALTH OFFICER		
General		
Fees & Services		
Miscellaneous	1,047,994	-
Total Office of the Chief Health Officer	1,047,994	-
MEDICAL PROGRAMS		
Medicare Services		
Fees and Services		
Miscellaneous	67,749	2,400
Sales		
Miscellaneous	15,276	9,100
	83,025	11,500
Primary Care Redesign		
Federal		
Miscellaneous	2,285,717	2,460,900
	2,285,717	2,460,900
Total Medical Programs	**2,368,742**	**2,472,400**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	REVENUE $	ESTIMATES $
FINANCE AND ADMINISTRATION		
Financial Services		
Federal		
Children-In-Care Special Allowance	410,526	400,000
Housing Federal Revenue	2,294,007	1,800,000
Maintenance of Indian Children in Care	150,000	150,000
Fees and Services		
Patient Fees	32,665	30,000
Gertrude Cotton Trust	4,300	4,000
Miscellaneous	29,987	5,000
Sales		
Home Housing Authority	-	25,000
Miscellaneous	-	1,900
Investment		
Surplus - Crown Corporations and Agencies	396,010	400,000
	3,317,495	2,815,900
Financial Planning		
Fees and Services		
OP / Maintenance	18,098	25,000
	18,098	25,000
Total Finance and Administration	**3,335,593**	**2,840,900**
HEALTH POLICY DEVELOPMENT		
Epidemiology Unit		
Federal		
Miscellaneous	122,999	175,000
Fees & Services		
Special Projects Fund Revenue	230,119	-
Miscellaneous	-	125,000
	353,118	300,000
Reproductive Care Program		
Federal		
Miscellaneous	61,000	61,000
	61,000	61,000
Total Health Policy Development	**414,118**	**361,000**
SOCIAL POLICY DEVELOPMENT		
Child Welfare		
Fees and Services		
Adoption Fees	100	-
	100	-

DEPARTMENT OF HEALTH AND SOCIAL SERVICES Continued

	REVENUE $	ESTIMATES $
Community Services		
Federal		
French Services Agreement	31,265	-
Alcohol & Drug Treatment	301,081	305,000
Licenses and Permits		
Child Care Facility	2,970	1,000
	335,316	306,000
Income Security		
Federal		
Rehabilitation Program	1,375,660	625,000
	1,375,660	625,000
Total Social Policy Development	**1,711,076**	**931,000**
REGULATORY SERVICES		
Vital Statistics		
Licenses and Permits		
Marriage Licenses	63,390	82,000
Fees and Services		
Vital Statistics Fees	248,334	212,500
	311,724	294,500
Environmental Health		
Federal		
Miscellaneous	106,280	62,000
Fees and Services		
Meat Inspection Program	66,093	25,000
Miscellaneous	63,298	60,900
Sales		
Miscellaneous	2,179	-
	237,850	147,900
General Office		
Licenses & Permits		
Nursing Home Licenses	1,150	1,100
Fees & Services		
Miscellaneous	1,855	300
	3,005	1,400
Total Regulatory Services	**552,579**	**443,800**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	REVENUE $	ESTIMATES $
REGIONALLY DELIVERED SERVICES		
Regional Services		
Federal		
French Services Agreement	258,585	211,200
Fees and Services		
Patient Fees	11,123,803	10,548,200
Professional Services	7,573	10,000
Housing Rental	4,596,601	4,385,000
Homemaker Fees	19,932	22,300
Sales		
Meals	234,357	201,500
PHN Immunization Fees	7,027	36,300
Total Regionally Delivered Services	**16,247,878**	**15,414,500**
TOTAL HEALTH AND SOCIAL SERVICES	**25,723,701**	**22,491,100**

DEPARTMENT OF THE PROVINCIAL TREASURY

	REVENUE $	ESTIMATES $
ADMINISTRATION		
General		
Fees & Services		
Miscellaneous	843	-
Total Administration	843	-
FISCAL MANAGEMENT		
Administration		
Fees & Services		
Miscellaneous	-	117,400
Total Fiscal Management	-	117,400
POLICY AND EVALUATION		
Risk Management and Insurance		
Fees and Services		
Self Insurance Rebate	270,216	228,400
Total Policy and Evaluation	**270,216**	**228,400**
TAXATION AND PROPERTY RECORDS		
Administration		
Fees and Services		
Registry of Deeds Fees	2,618,252	2,130,000
Tax Certificate Fees	21,186	10,000
GeoLinc PLUS User Fees	105,106	70,000
Municipal Administrative Fees	756,403	595,000
Sales		
Lottery Commission	16,555,475	20,483,900
Microfiche Sales	1,208	2,000
Geomatics Library	1,233	1,000
Geomatics Services	59,137	115,000
Photocopy Sales	8,424	-
Fax Sales	8,712	-
Miscellaneous	10,612	8,000
Taxes		
Health Tax on Liquor	12,255,953	12,307,400
Health Tax on Tobacco	27,358,715	29,261,700
Real Property Tax	57,884,609	55,366,000
Revenue Tax	173,374,669	178,759,600
Gasoline Tax	42,711,676	43,136,800
Corporation Capital Tax	3,184,209	3,204,400
Environmental Tax	293,588	300,000
Total Taxation and Property Records	**337,209,167**	**345,750,800**

DEPARTMENT OF THE PROVINCIAL TREASURY continued

	REVENUE $	ESTIMATES $
OFFICE OF THE COMPTROLLER		
Expenditure Management		
Federal		
Miscellaneous	197,029	180,000
Fees and Services		
FOIP Fees	739	-
Miscellaneous	127,296	-
Sales		
Cheques Written Off	27,307	-
Books	181	-
Miscellaneous	6,129	-
Total Office of the Comptroller	**358,681**	**180,000**
INFORMATION SERVICES		
Document Publishing Centre		
Sales		
Miscellaneous	53,194	45,000
	53,194	45,000
Audio Visual and Text Services		
Fees and Services		
Miscellaneous	3,977	5,500
	3,977	5,500
Communications		
Sales		
Miscellaneous	586	2,500
	586	2,500
Total Information Services	**57,757**	**53,000**
ECONOMICS, STATISTICS AND FEDERAL FISCAL RELATIONS		
Administration		
Federal		
Equalization	280,611,128	245,783,000
Canada Health & Social Transfer	109,601,967	114,423,800
CHST-Equipment Fund	300,854	-
Statutory Subsidy	678,965	679,000
Health Reform Transfer	9,178,660	-
Taxes		
Personal Income Tax	178,041,081	176,602,900
Corporate Income Tax	26,727,018	18,429,400
Total Economics, Statistics and Federal Fiscal Relations	**605,139,673**	**555,918,100**

DEPARTMENT OF THE PROVINCIAL TREASURY continued

	REVENUE $	ESTIMATES $
INFORMATION TECHNOLOGY MANAGEMENT GROUP		
Administration		
Sales		
Miscellaneous	81,163	-
	81,163	-
IT Operations		
Sales		
Miscellaneous	253,060	272,500
	253,060	272,500
Information Systems Delivery		
Sales		
Miscellaneous	133,333	233,000
	133,333	233,000
Telecommunications		
Sales		
Miscellaneous	19,927	-
	19,927	-
Total Information Technology Management Group	**487,483**	**505,500**
TOTAL PROVINCIAL TREASURY	**943,523,820**	**902,753,200**

GENERAL GOVERNMENT

	REVENUE $	ESTIMATES $
GRANTS		
Investment		
Surplus - Agencies and Crown Corporations	187,249	-
Total Grants	**187,249**	**-**
GOVERNMENT INSURANCE PROGRAM		
Insurance Policies		
Fees and Services		
Insurance Recoveries	19,249	-
Miscellaneous	-	24,400
Total Government Insurance Program	**19,249**	**24,400**
TOTAL GENERAL GOVERNMENT	**206,498**	**24,400**

PUBLIC SERVICE COMMISSION

	REVENUE $	ESTIMATES $
LEARNING AND DEVELOPMENT		
Employee Assistance Programs		
Fees and Services		
Miscellaneous	60,800	60,000
	60,800	60,000
Occupational Health and Safety		
Fees and Services		
Miscellaneous	15,000	15,000
	15,000	15,000
Language Training Centre		
Federal		
French Services Agreement	85,000	96,400
Sales		
Miscellaneous	178,871	149,000
	263,871	245,400
Total Learning and Development	**339,671**	**320,400**
STAFFING AND HUMAN RESOURCES PLANNING		
Fees and Services		
FOIP Fees	214	-
Miscellaneous	506,300	506,300
Total Staffing and Human Resources Planning	**506,514**	**506,300**
CORPORATE SERVICES, SYSTEMS & ADMINISTRATION		
Employee Benefits		
Federal		
French Services Agreement	5,600	-
Fees and Services		
Recoverable Pension Cost	330,660	388,100
Total Corporate Services, Systems & Administration	**336,260**	**388,100**
TOTAL PUBLIC SERVICE COMMISSION	**1,182,445**	**1,214,800**

EMPLOYEE BENEFITS

	REVENUE $	ESTIMATES $
EMPLOYEES' FUTURE BENEFITS		
Fees & Services		
Recoverable Pension Cost	23,724	-
Total Employees' Future Benefits	**23,724**	-
PENSION MANAGEMENT		
Fees & Services		
Recoverable Pension Cost	118,455	134,600
Total Pension Management	**118,455**	**134,600**
TOTAL EMPLOYEE BENEFITS	**142,179**	**134,600**

TOURISM PEI

	REVENUE $	ESTIMATES $
TOURISM DEVELOPMENT		
Visitor Services		
Fees and Services		
Sign Advertising Fees	133,010	115,000
Sales		
Royalty Fees VIC	21,379	15,000
	154,389	130,000
French Services		
Federal		
French Services Agreement	91,880	61,900
	91,880	61,900
Total Tourism Development	**246,269**	**191,900**
PARKS		
Brookvale		
Fees and Services		
Membership	19,605	16,000
Rentals	66,443	45,000
Fees - Brookvale Ski Park	128,507	149,000
Self Insurance	10,790	-
Entry Way	17,014	-
Miscellaneous	955	-
Sales		
Concessions	15,506	10,000
	258,820	220,000
Parks Operations		
Fees and Services		
Park Fees	65,416	67,700
Campground Fees	711,032	785,400
Rentals	10,923	10,000
Miscellaneous	1,633	-
Sales		
Vending Machines	17,345	20,000
Concessions	18,396	15,000
Miscellaneous	39,440	36,300
	864,185	934,400
Total Parks	**1,123,005**	**1,154,400**
TOURISM MARKETING		
Tourism Marketing Authority		
Federal		
French Services Agreement	8,000	-
Total Corporate	**8,000**	-
TOTAL TOURISM PEI	**1,377,274**	**1,346,300**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	REVENUE $	ESTIMATES $
HIGHWAY SAFETY AND INFORMATION TECHNOLOGY		
Highway Safety Administration		
Federal		
National Safety Code	147,997	201,900
Licenses and Permits		
Motor Vehicle Licenses & Permits	12,052,635	11,327,100
Fees and Services		
Miscellaneous	-	124,300
Sales		
Miscellaneous	281,442	-
Total Highway Safety Operations	**12,482,074**	**11,653,300**
HIGHWAY MAINTENANCE OPERATIONS		
Maintenance Administration - Western Region		
Fees and Services		
Miscellaneous	-	125,000
	-	125,000
Maintenance Administration - Central Region		
Fees and Services		
Miscellaneous	150	150,000
	150	150,000
Maintenance Administration - Eastern Region		
Fees and Services		
Miscellaneous	-	125,000
	-	125,000
Summer Maintenance - Central Region		
Fees and Services		
Miscellaneous	444	-
Sales		
Miscellaneous	-	1,000
	444	1,000
Winter Maintenance - Western Region		
Fees and Services		
Miscellaneous	167,178	87,300
	167,178	87,300
Winter Maintenance - Central Region		
Fees and Services		
Miscellaneous	191,767	105,600
	191,767	105,600
Mechanical - Charlottetown Garage - Direct		
Fees and Services		
Miscellaneous	875	-
Sales		
Miscellaneous	102,580	-
	103,455	-

TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
Mechanical - Charlottetown Garage - Indirect		
Fees and Services		
Professional Services	-	15,000
	-	15,000
Total Highway Maintenance Operations	**462,994**	**608,900**
PUBLIC WORKS AND PLANNING		
Public Works Operations - Administration		
Sales		
Miscellaneous	4,302	7,400
	4,302	7,400
Building Maintenance Direct - Province House		
Fees and Services		
Public Building Rental	64,638	60,800
	64,638	60,800
Building Maintenance Direct - West Prince RSC		
Fees and Services		
Public Building Rental	26,603	29,000
	26,603	29,000
Building Maintenance Direct - Small Buildings		
Fees and Services		
Public Building Rental	20,862	17,400
	20,862	17,400
Building Accommodations - Small Lease Accommodations		
Fees and Services		
Public Building Rental	-	8,000
	-	8,000
Building Accommodations - Evangeline RSC		
Fees and Services		
Public Building Rental	7,094	5,100
	7,094	5,100
Building Accommodations - Access PEI - Summerside		
Fees & Services		
Professional Services	2,964	
Public Building Rental	215,964	48,000
	218,928	48,000
SRDC 109 Water St		
Fees & Services		
Public Building Rental	16,765	220,000
	16,765	220,000
Properties		
Fees and Services		
Public Land Rentals	126,052	115,000
Miscellaneous	-	7,500
	126,052	122,500
Total Public Works and Planning	**485,244**	**518,200**

TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
CAPITAL PROJECT DIVISION		
Traffic Operations - Western Region		
Sales		
Miscellaneous	15	-
	15	-
Traffic Operations - Sign Shop		
Sales		
Miscellaneous	14,171	1,000
	14,171	1,000
Western Region		
Sales		
Miscellaneous	4,705	-
	4,705	-
Engineering Services - Operations		
Sales		
Miscellaneous	40	-
	40	-
Bridge Maintenance - Operations		
Sales		
Miscellaneous	-	1,000
	-	1,000
Total Capital Project Division	**18,931**	**2,000**
CAPITAL		
Culverts		
Fees and Services - Miscellaneous	25,240	150,000
Sales - Miscellaneous	6,994	5,000
Reconstruction		
Fees and Services - Miscellaneous	220,304	
Sales - Miscellaneous	884	
Land Purchases		
Sales - Land	3,000	
Total Capital	**256,422**	**155,000**
TOTAL TRANSPORTATION AND PUBLIC WORKS	13,705,665	12,937,400

INVESTMENT

	REVENUE $	ESTIMATES $
Interest		
Federal Lending Program	4,340	4,300
Community Development Fund	52,517	67,700
PEI Lending Authority	7,742,949	8,601,300
PEI Housing Authority	1,193,582	1,226,900
PEI Business Development Inc	1,390,520	1,448,600
CADC	498,580	498,600
PEI Liquor Control Commission	329,885	328,700
Bank Accounts	189,329	200,000
Urban Services	39,004	39,000
PEI Energy Corporation	344,960	345,000
Golf PEI	499,668	472,600
Computer loan Program	2,577	5,000
Island Waste Management	154,790	157,300
Miscellaneous	604,441	-
TOTAL INVESTMENT INCOME	**13,047,142**	**13,395,000**

Details

Of

Ordinary Expenses
With Estimates

For the Year Ended March 31, 2005

DEPARTMENT OF AGRICULTURE, FISHERIES, AND AQUACULTURE

	EXPENSES $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Finance and Administration		
Administration	49,543	58,000
Equipment	5,333	2,400
Materials, Supplies & Services	58,810	38,100
Professional & Contract Services	18,490	5,000
Salaries	769,197	764,700
Travel & Training	51,965	95,300
	953,338	963,500
Communications		
Administration	51,917	48,000
Equipment	330	900
Materials, Supplies & Services	23,166	37,200
Professional & Contract Services	4,484	9,000
Salaries	113,393	105,700
Travel & Training	3,269	3,900
Grants		
Miscellaneous	500	-
	197,059	204,700
Information Technology		
Administration	7,481	6,900
Equipment	2,908	3,200
Materials, Supplies & Services	16,920	29,600
Salaries	394,349	420,000
Travel & Training	10,642	12,700
	432,300	472,400
Farm Income Risk Management		
Administration	41,186	18,900
Equipment	21,942	5,700
Materials, Supplies & Services	23,034	7,600
Professional & Contract Services	20,157	3,200
Salaries	1,106,383	751,200
Travel & Training	167,164	102,100
Grants		
Farm Support Adjustment (FSAM)	10,536,893	-
Crop Insurance Fund	2,585,737	1,800,000
Net Income Stabilization Account	5,799	-
ARIF Industry Development	133,000	133,000
Infrastructure Support	58,978	-
Can Farm	-	7,808,400
Miscellaneous	-	712,500
	14,700,273	11,342,600
Total Corporate and Financial Services	**16,282,970**	**12,983,200**

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
STRATEGIC PLANNING AND MEASUREMENT		
Division Management		
Administration	1,854	3,000
Materials, Supplies & Services	663	2,500
Professional & Contract Services	59,258	26,800
Salaries	335,949	380,900
Travel & Training	7,662	10,800
Total Strategic Planning and Measurement	**405,386**	**424,000**
AGRICULTURE RESOURCE DIVISION		
Division Management		
Administration	70,452	87,700
Equipment	415	6,300
Materials, Supplies & Services	8,314	17,000
Professional & Contract Services	685,335	716,300
Salaries	702,347	593,800
Travel & Training	18,690	12,200
Grants		
Miscellaneous	222,079	124,500
Miscellaneous	5,920	30,000
	1,713,552	1,587,800
Exhibitions		
Administration	7,200	7,700
Materials	551	900
Grants		
Miscellaneous	121,300	121,300
Association of Exhibitions	71,700	71,700
	200,751	201,600
P.E.I. Analytical Laboratories - Soil and Feed Lab		
Administration	7,421	7,100
Equipment	1,654	6,100
Materials, Supplies and Services	150,323	134,600
Professional and Contract Services	11,732	24,100
Salaries	414,045	358,500
Travel and Training	3,312	4,900
	588,487	535,300
Plant Health and Diagnostics Program		
Administration	4,834	3,100
Equipment	3,007	4,600
Materials, Supplies & Services	38,732	77,600
Professional & Contract Services	4,939	8,200
Salaries	290,979	293,700
Travel & Training	6,410	8,400
	348,901	395,600

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
Dairy Lab		
Administration	6,273	6,900
Equipment	-	5,300
Materials, Supplies & Services	118,583	117,700
Professional & Contract Services	8,673	9,000
Salaries	288,189	267,400
Travel & Training	3,529	7,600
	425,247	413,900
Farm Extension Services		
Administration	40,087	39,700
Equipment	1,353	4,900
Materials, Supplies & Services	24,484	21,700
Professional & Contract Services	1,018,921	973,000
Salaries	1,312,705	1,401,000
Travel & Training	123,420	114,200
Grants		
Beef Development Program	221,697	256,100
Interest Support Program	127,158	250,000
Miscellaneous	4,025,937	3,975,000
	6,895,762	7,035,600
Sustainable Agriculture Resources		
Administration	16,993	15,900
Equipment	51,949	6,600
Materials, Supplies & Services	13,728	17,600
Professional & Contract Services	30,670	118,200
Salaries	699,916	694,300
Travel & Training	52,450	40,000
Grants		
Miscellaneous	5,500	5,500
Tourism Investment Fund	111,012	-
AERC Program	1,053,964	1,812,000
Miscellaneous	36,209	240,000
	2,072,391	2,950,100
Total Agriculture Resource Division	**12,245,091**	**13,119,900**
AGRICULTURE POLICY AND REGULATORY DIVISION		
Division Management		
Administration	16,626	12,400
Equipment	462	400
Materials, Supplies & Services	793	1,600
Professional & Contract Services	723,420	483,200
Salaries	324,124	384,200
Travel & Training	23,512	22,200
Grants		
Maritime Provinces Harness Racing	-	76,500
Miscellaneous	184,371	59,900
Horse Development Program	180,947	126,000
Assistance to Out-of-Province	5,586	-

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
Grants to Commodity Boards	28,800	28,800
Aerospace Development	28,398	-
Marketing Assistance - Transport	13,351	13,500
PEI Artificial Breeders Association	54,000	54,000
Farm Organization Policy	92,055	56,900
Matinee Racetrack Assistance Program	14,070	9,000
Swine Quality Improvement Program	340,930	388,100
Interest Support Program	194,102	298,200
Miscellaneous	925,465	150,000
	3,151,012	2,164,900
4-H Program		
Administration	4,704	4,700
Equipment	83	400
Materials, Supplies and Services	1,411	1,400
Salaries	102,105	113,800
Travel & Training	7,005	11,000
Grants		
4-H Program	155,200	155,200
	270,508	286,500
Women's Institute		
Administration	501	1,300
Materials, Supplies & Services	846	2,900
Salaries	84,022	83,900
Travel & Training	1,570	1,100
Grants		
Program Assistance - WI	22,700	22,700
	109,639	111,900
School Milk Program		
Salaries	27,847	27,100
Travel & Training	1,496	1,600
Grants		
School Milk Program	63,000	63,000
	92,343	91,700
Marketing Council		
Administration	2,475	900
Materials, Supplies & Services	913	200
Professional & Contract Services	55,254	54,400
Salaries	10,590	13,100
Travel & Training	11,837	9,300
	81,069	77,900
Plant Health Regulatory Program		
Administration	27,503	24,600
Equipment	2,378	2,900
Materials, Supplies & Services	26,223	30,000
Professional & Contract Services	314,637	16,700
Salaries	678,643	582,000
Travel & Training	132,293	90,500
	1,181,677	746,700

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
Regulatory Services		
Administration	3,160	2,900
Equipment	380	1,000
Materials, Supplies & Services	1,279	6,000
Professional & Contract Services	109,836	155,200
Salaries	261,156	295,600
Travel & Training	30,372	40,000
	406,183	500,700
Total Agriculture Policy and Regulatory Division	**5,292,431**	**3,980,300**
FISHERIES AND AQUACULTURE		
Division Management		
Administration	20,700	23,800
Equipment	1,376	-
Materials, Supplies & Services	13,198	2,800
Professional & Contract Services	157,244	13,000
Salaries	165,635	232,000
Travel & Training	6,341	8,900
Grants		
Fisheries Organization Funding	89,648	132,700
Miscellaneous	375,000	270,000
	829,142	683,200
Services		
Administration	4,093	3,500
Equipment	445	3,500
Materials, Supplies & Services	77,521	76,900
Professional & Contract Services	10,501	6,000
Salaries	167,340	168,600
Travel & Training	30,974	27,200
Grants		
Travel Grant for Fishermen	2,392	1,300
Miscellaneous	32,000	36,000
	325,266	323,000
Marine Fisheries		
Administration	2,806	3,700
Equipment	2,923	300
Materials, Supplies & Services	6,059	7,600
Professional & Contract Services	51,924	72,500
Salaries	186,645	193,900
Travel & Training	25,680	20,100
Grants		
Test Production	16,525	54,400
Fishermen Tech Advancement	-	5,800
	292,562	358,300

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
Aquaculture		
Administration	11,431	6,000
Equipment	11,138	21,100
Materials, Supplies & Services	44,917	47,800
Professional & Contract Services	49,930	39,300
Salaries	430,010	461,700
Travel & Training	28,686	51,900
Grants		
Agri-Food Development Agreement	23,991	-
Aquaculture Technology Program	29,533	50,000
Shellfish Enhancement	78,670	80,000
Aquaculture Futures Fund	100,438	72,000
Shellfish/Aquaculture Leasing Program	144,009	143,600
Miscellaneous	-	63,500
	952,753	1,036,900
Total Fisheries and Aquaculture	**2,399,723**	**2,401,400**
TOTAL AGRICULTURE, FISHERIES & AQUACULTURE	**36,625,601**	**32,908,800**

P.E.I. GRAIN ELEVATORS CORPORATION

	EXPENSES $	ESTIMATES $
P.E.I. GRAIN ELEVATORS CORPORATION		
Grants		
Operations - Crown Corporations	165,000	165,000
Total P.E.I. Grain Elevators Corporation	**165,000**	**165,000**

OFFICE OF THE ATTORNEY GENERAL

	EXPENSES $	ESTIMATES $
ADMINISTRATION		
Administration		
Administration	31,510	48,800
Equipment	1,597	1,500
Materials, Supplies & Service	27,175	49,800
Professional & Contract Services	32,097	30,000
Salaries	211,745	208,600
Travel	7,010	5,000
Total Administration	**311,134**	**343,700**
JUSTICE POLICY		
Constitutional Review/Native Council		
Materials, Supplies & Service	224	-
Grants		
Native Council of Canada	75,680	127,400
Miscellaneous	40,250	-
	116,154	127,400
Justice Policy		
Administration	2,259	5,300
Equipment	331	-
Materials, Supplies & Services	185	1,200
Professional & Contract Services	7,550	22,400
Salaries	213,069	189,800
Travel & Training	6,555	5,400
	229,949	224,100
Human Rights Commission		
Grants		
Human Rights Commission	304,000	304,000
	304,000	304,000
Total Justice Policy	**650,103**	**655,500**
LEGAL AND JUDICIAL SERVICES		
Administration		
Administration	19,804	21,100
Equipment	613	-
Materials, Supplies & Services	63,381	20,300
Professional & Contract Services	369,459	154,400
Salaries	963,026	993,800
Travel & Training	10,808	12,200
Grants		
National Judicial Institute	1,922	2,100
Uniform Law Conference	3,700	2,600
Can Association of Chiefs of Police	2,000	1,000
The PEI Chiefs of Police Association	-	500
	1,434,713	1,208,000

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
Judicial Services		
Administration	121,323	82,200
Equipment	14,953	6,900
Materials, Supplies & Services	164,714	75,300
Professional & Contract Services	66,732	135,600
Salaries	1,608,982	1,459,800
Travel & Training	16,673	20,900
	1,993,377	1,780,700
Sheriff's Office		
Administration	16,182	11,600
Equipment	470	500
Materials, Supplies & Services	6,368	2,100
Salaries	613,342	515,500
Travel & Training	16,407	13,200
	652,769	542,900
Legislation		
Administration	12,321	4,800
Equipment	3,215	-
Materials, Supplies & Services	3,378	1,600
Salaries	374,159	434,100
Travel & Training	1,866	1,100
	394,939	441,600
Legal Aid		
Administration	29,694	30,800
Equipment	12,453	3,000
Materials, Supplies & Services	9,701	6,800
Professional & Contract Services	263,260	331,100
Salaries	824,909	843,600
Travel & Training	15,658	10,300
	1,155,675	1,225,600
Coroner's Inquests		
Administration	3,723	3,200
Equipment	277	
Materials, Supplies & Services	21	-
Professional & Contract Services	226,310	279,100
Salaries	2,004	-
Travel & Training	1,533	2,200
	233,868	284,500
Provincial Court Judges		
Equipment	-	5,000
Professional & Contract Services	1,725	-
Salaries	528,553	555,300
Travel & Training	27,092	7,800
	557,370	568,100

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
Courthouse Automation Project		
Administration	8,653	9,300
Equipment	2,086	10,600
Materials, Supplies & Services	5,417	1,400
Professional & Contract Services	489,270	378,300
Travel & Training	-	1,800
	505,426	401,400
Family Law		
Administration	124,551	114,700
Equipment	4,124	3,900
Materials, Supplies & Services	2,446	5,100
Professional & Contract Services	92,075	63,900
Salaries	628,357	599,100
Travel & Training	11,821	4,100
	863,374	790,800
Total Legal and Judicial Services	**7,791,511**	**7,243,600**
CONSUMER, CORPORATE AND INSURANCE		
Corporate Services		
Administration	20,527	29,900
Equipment	31,570	9,800
Materials, Supplies & Services	7,013	16,000
Professional & Contract Services	132,709	54,200
Salaries	521,797	572,000
Travel & Training	5,128	12,000
	718,744	693,900
Consumer Services		
Administration	3,202	7,700
Equipment	1,391	1,600
Materials, Supplies & Services	568	5,400
Salaries	143,459	166,900
Travel & Training	5,414	5,500
	154,034	187,100
Insurance Services		
Salaries	259,363	302,800
Travel & Training	6,781	4,600
	266,144	307,400
Gun Control		
Administration	7,952	14,100
Equipment	-	1,000
Materials, Supplies & Services	6,719	8,500
Professional & Contract Services	240	1,000
Salaries	141,938	155,000
Travel & Training	3,937	5,400
	160,786	185,000
Total Consumer, Corporate and Insurance	**1,299,708**	**1,373,400**

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
CROWN ATTORNEY		
Administration		
Administration	26,107	29,200
Equipment	6,192	6,400
Materials, Supplies & Services	28,855	21,100
Professional & Contract Services	63,600	31,500
Salaries	891,533	870,100
Travel & Training	21,664	19,700
Total Crown Attorney	**1,037,951**	**978,000**
COMMUNITY AND CORRECTIONAL SERVICES		
Division Management		
Administration	31,760	25,300
Equipment	15,776	16,400
Materials, Supplies & Services	14,721	18,800
Professional & Contract Services	30,315	54,000
Salaries	654,715	610,700
Travel & Training	49,434	54,300
	796,721	779,500
Provincial Correctional Centre		
Administration	34,635	27,500
Equipment	50,563	7,200
Materials, Supplies & Services	397,349	213,200
Professional & Contract Services	17,335	9,100
Salaries	3,694,675	3,657,100
Travel & Training	73,292	20,400
	4,267,849	3,934,500
Prince County Correctional Centre		
Administration	9,038	6,800
Equipment	4,581	4,000
Materials, Supplies & Services	35,920	50,400
Professional & Contract Services	14,810	3,600
Salaries	659,893	593,300
Travel & Training	8,367	5,700
	732,609	663,800
Probation/Family Counseling		
Administration	34,097	21,900
Equipment	7,571	5,800
Materials, Supplies & Services	8,574	8,900
Professional & Contract Services	2,927	9,500
Salaries	948,072	1,026,000
Travel & Training	47,379	37,500
	1,048,620	1,109,600

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
Community Custody Program		
Administration	13,920	15,100
Equipment	2,304	5,900
Materials, Supplies & Services	2,474	15,000
Professional & Contract Services	15,452	70,200
Salaries	229,032	327,900
Travel & Training	26,883	42,900
	290,065	477,000
Youth Justice Services		
Administration	5,210	6,900
Equipment	2,230	1,100
Materials, Supplies & Services	1,497	6,000
Professional & Contract Services	607	1,800
Salaries	647,778	616,700
Travel & Training	35,225	15,200
	692,547	647,700
Georgetown Youth Centre		
Administration	12,103	10,400
Equipment	365	3,200
Materials, Supplies & Services	21,272	37,800
Professional & Contract Services	579	4,800
Salaries	407,246	686,800
Travel & Training	30,330	19,200
	471,895	762,200
Summerside Youth Centre		
Administration	30,594	32,100
Equipment	4,783	10,900
Materials, Supplies & Services	104,653	157,500
Professional & Contract Services	9,926	17,700
Salaries	2,335,725	2,355,600
Travel & Training	89,726	44,800
	2,575,407	2,618,600
Victim Services		
Administration	10,108	8,500
Equipment	1,048	2,600
Materials, Supplies & Services	1,114	3,500
Professional & Contract Services	2,200	500
Salaries	387,007	391,700
Travel & Training	12,969	12,900
Grants		
Victim Services	124,926	100,000
	539,372	519,700

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
Clinical Services		
Administration	8,230	7,200
Equipment	10,894	1,500
Materials, Supplies & Services	3,359	4,100
Professional Contracts	2,506	1,500
Salaries	456,745	443,100
Travel & Training	21,444	11,800
	503,178	469,200
Total Community and Correctional Services	**11,918,263**	**11,981,800**
ACCESS AND PRIVACY SERVICES		
Administration	6,042	10,200
Equipment	1,498	-
Materials, Supplies & Services	1,290	3,300
Salaries	143,518	137,800
Travel & Training	5,563	8,000
Total Access and Privacy Services	**157,911**	**159,300**
PROVINCIAL POLICING SERVICES		
Administration	-	4,500
Professional & Contract Services	9,374,934	9,412,700
Travel and Training	3,725	-
Total Provincial Policing Services	**9,378,659**	**9,417,200**
TOTAL OFFICE OF THE ATTORNEY GENERAL	**32,545,240**	**32,152,500**

AUDITOR GENERAL

	EXPENDITURES $	ESTIMATES $
ADMINISTRATION		
Administration	25,325	28,000
Equipment	4,155	8,500
Materials, Supplies & Services	8,692	11,600
Professional & Contract Services	28,591	31,300
Salaries	1,133,696	1,133,200
Travel & Training	19,086	23,200
Grants		
Comprehensive Auditing Foundation	11,915	12,400
TOTAL AUDITOR GENERAL	**1,231,460**	**1,248,200**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

	EXPENSES $	ESTIMATES $
POLICY AND ADMINISTRATION		
Administration		
Administration	178,536	151,100
Equipment	8,081	9,500
Materials, Supplies & Services	77,114	91,600
Professional & Contract Services	81,162	87,500
Salaries	771,583	869,500
Travel & Training	20,848	31,100
Grants		
Fathers of Confederation Memorial	827,617	1,000,000
	1,964,941	2,240,300
Infrastructure		
Materials, Supplies & Services	288	-
Travel & Training	2,257	-
Grants		
Infrastructure Program	5,505,326	10,264,000
	5,507,871	10,264,000
Information Technology		
Administration	559	-
Equipment	49,723	49,000
Materials, Supplies & Services	252	-
Professional & Contract Services	-	20,000
Salaries	293,060	294,900
Travel & Training	17,544	30,200
	361,138	394,100
Total Policy and Administration	**7,833,950**	**12,898,400**
PLANNING AND INSPECTION SERVICES		
Administration		
Administration	19,359	21,100
Equipment	16,762	-
Materials, Supplies & Services	8,714	12,800
Salaries	410,573	363,300
Travel & Training	4,718	5,800
	460,126	403,000
Provincial Planning		
Professional & Contract Services	1,572	-
Salaries	188,746	281,300
Travel & Training	2,514	3,800
	192,832	285,100

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
Fire Marshal		
Salaries	178,414	177,200
Travel & Training	24,813	18,500
Grants		
Fire Fighting Assistance	2,598	6,600
Workers Compensation Claims	43,011	72,600
Training Program	8,500	8,500
Miscellaneous	25,000	25,000
	282,336	308,400
Building and Development		
Administration	10	-
Salaries	568,371	576,700
Travel & Training	31,333	31,500
	599,714	608,200
Emergency Measures Organization		
Administration	352	2,000
Equipment	-	-
Materials, Supplies & Services	15	100
Salaries	101,374	59,200
Travel & Training	1,139	2,000
Grants		
National Judicial Institute	437	-
Disaster Relief	954,409	4,000,000
	1,057,726	4,063,300
Joint Emergency Preparedness Projects		
Administration	11,388	9,200
Equipment	1,651	800
Materials, Supplies & Services	449	1,300
Professional & Contract Services	5,000	6,000
Salaries	150,748	160,000
Travel & Training	14,510	9,100
	183,746	186,400
Electrical Inspection		
Salaries	218,403	196,400
Travel & Training	37,835	29,900
	256,238	226,300
Boiler and Plumbing Inspection		
Salaries	305,648	302,900
Travel & Training	49,232	38,600
	354,880	341,500

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
Municipal Affairs		
Administration	-	100
Professional & Contract Services	14,754	20,000
Salaries	165,754	165,900
Travel & Training	10,575	1,700
Grants		
Federation of PEI Municipalities	43,000	43,000
Municipal Equalization Grants	1,879,402	1,836,000
Debt Retirement	43,828	96,500
Municipal Training Support	2,000	2,400
	2,159,313	2,165,600
911 Administration		
Administration	6,479	10,300
Equipment	7,594	1,600
Materials, Supplies & Services	102,427	9,700
Professional & Contract Services	137,376	224,600
Salaries	221,012	231,000
Travel & Training	3,944	5,000
	478,832	482,200
Total Planning and Inspection Services	**6,025,743**	**9,070,000**
LABOUR AND INDUSTRIAL RELATIONS		
Administration		
Administration	4,677	4,900
Equipment	5,367	3,300
Materials, Supplies & Services	7,191	5,400
Professional & Contract Services	17,896	-
Salaries	253,704	231,000
Travel & Training	5,589	3,400
Grants		
Miscellaneous	2,500	2,500
	296,924	250,500
Labour Relations Board		
Administration	2,881	5,300
Materials, Supplies & Services	5,223	3,800
Professional & Contract Services	45,177	28,800
Salaries	105,062	96,900
Travel & Training	2,827	2,400
	161,170	137,200
Industrial Relations		
Administration	4,146	2,300
Materials, Supplies & Services	2,627	1,900
Salaries	3,000	-
Travel & Training	1,054	700
	10,827	4,900

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
Employment Standards		
Administration	4,262	1,200
Materials, Supplies & Services	4,001	900
Professional & Contract Services	4,915	1,300
Salaries	58,052	72,000
Travel & Training	3,286	3,700
	74,516	79,100
Industrial Relations Council		
Administration	-	400
Salaries	-	4,700
Travel & Training	-	900
	-	6,000
Total Labour and Industrial Relations	**543,437**	**477,700**
PROVINCIAL LIBRARIES		
Library Headquarters and Technical Services		
Administration	14,504	6,400
Equipment	6,558	1,000
Materials, Supplies & Services	52,202	54,300
Professional & Contract Services	752	-
Salaries	322,394	295,400
Travel & Training	10,818	9,400
	407,228	366,500
Confederation Centre Public Library		
Administration	7,583	14,300
Equipment	1,814	1,800
Materials, Supplies & Services	147,040	144,700
Professional & Contract Services	9,893	10,000
Salaries	639,678	633,600
Travel & Training	4,334	1,900
	810,342	806,300
French Library Services		
Administration	1,387	2,500
Equipment	1,302	800
Materials, Supplies & Services	54,824	56,900
Professional & Contract Services	393	1,000
Salaries	293,664	289,100
Travel & Training	2,313	3,700
	353,883	354,000
Branch Libraries		
Administration	161	1,300
Materials, Supplies & Services	73,420	74,200
Salaries	518,505	549,500
Travel & Training	2,469	4,200
	594,555	629,200
Total Provincial Libraries	**2,166,008**	**2,156,000**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
CULTURE AND HERITAGE		
Cultural Affairs		
Administration	4,022	3,200
Equipment	49,928	500
Materials, Supplies & Services	4,962	1,400
Professional & Contract Services	58,759	15,000
Salaries	243,982	230,500
Travel & Training	17,305	9,400
Grants		
Cultural Development Program	234,584	266,400
Acadian Development	39,321	50,000
Heritage Archeology	7,697	38,000
PEI Council of the Arts	225,500	223,500
Carrefour Development Program	496,200	496,200
Cultural Industries Support	2,126	5,000
Miscellaneous	400,061	290,100
	1,784,447	1,629,200
Public Archives and Records Office		
Administration	2,204	1,900
Equipment	5,001	800
Materials, Supplies & Services	13,370	13,000
Professional & Contract Services	150	-
Salaries	273,933	280,600
Travel & Training	3,032	1,800
	297,690	298,100
Total Culture and Heritage	**2,082,137**	**1,927,300**

P.E.I MUSEUM AND HERITAGE FOUNDATION		
General		
Salaries	772,565	781,900
Total P.E.I Museum and Heritage Foundation	**772,565**	**781,900**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
RECREATION AND SPORT		
Recreation and Sports		
Administration	1,023	2,200
Equipment	154	500
Materials, Supplies & Services	949	1,400
Professional & Contract Services	53,179	100,000
Salaries	416,348	368,800
Travel	17,230	14,600
Grants		
Sports Hall of Fame	211,388	1,000,000
Sport PEI	190,500	190,500
Best Ever Program	133,819	134,300
Bilateral	387,350	400,000
Community Recreation Support Program	279,625	345,600
Sports Organization Assistance	243,921	245,000
Rec & Sports Assoc Physically	164,223	164,100
Miscellaneous	87,119	86,400
	2,186,828	3,053,400
Total Recreation and Sport	**2,186,828**	**3,053,400**
TOTAL COMMUNITY AND CULTURAL AFFAIRS	**21,610,668**	**30,364,700**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	EXPENSES $	ESTIMATES $
DEPARTMENTAL MANAGEMENT		
Administration		
Administration	48,738	46,500
Equipment	17,554	8,000
Materials, Supplies & Services	43,894	39,300
Professional & Contract Services	-	5,800
Salaries	511,356	523,200
Travel & Training	33,618	25,500
	655,160	648,300
Policy and Planning		
Administration	2,004	3,900
Materials, Supplies & Services	1,225	3,500
Professional & Contract Services	15,682	35,000
Salaries	253,551	258,500
Travel & Training	9,109	13,400
	281,571	314,300
Communications		
Materials, Supplies & Services	13,180	-
	13,180	-
Strategy & Issues		
Administration	5,350	-
Materials, Supplies & Services	865	-
Professional & Contract Services	2,634	-
Travel & Training	1,822	-
	10,671	-
Total Departmental Management	**960,582**	**962,600**
SINGLE WINDOW SERVICE		
Government Website		
Administration	9,887	5,600
Equipment	11,610	4,500
Materials, Supplies & Services	4,311	7,100
Professional & Contract Services	6,860	-
Salaries	383,744	383,000
Travel & Training	6,558	9,800
	422,970	410,000
Summerside Access PEI		
Administration	61,720	89,400
Equipment	12,617	1,500
Materials, Supplies & Services	21,042	19,400
Salaries	397,354	428,500
Travel & Training	5,508	14,500
	498,241	553,300

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	EXPENSES $	ESTIMATES $
Souris Access PEI		
Administration	37,155	47,700
Equipment	7,541	200
Materials, Supplies & Services	13,861	5,600
Salaries	267,317	266,400
Travel & Training	13,349	10,800
	339,223	330,700
West Prince RSC		
Administration	45,385	60,100
Equipment	6,028	1,800
Materials, Supplies & Services	7,140	8,100
Salaries	188,031	235,400
Travel & Training	4,826	6,000
	251,410	311,400
Southern Kings and Queens RSC		
Administration	52,112	57,500
Equipment	4,049	900
Materials, Supplies & Services	11,321	9,400
Salaries	302,323	292,800
Travel & Training	3,806	7,700
	373,611	368,300
Evangeline RSC		
Administration	10,758	14,800
Equipment	1,688	2,500
Materials, Supplies & Services	-	5,500
Salaries	144,056	138,700
Travel & Training	1,663	3,100
	158,165	164,600
Tignish and Area Government Services Centre		
Administration	3,257	6,400
Equipment	686	1,400
Materials, Supplies & Services	1,543	2,300
Salaries	69,836	59,900
Travel & Training	2,288	2,600
	77,610	72,600
Alberton Access PEI		
Administration	3,693	-
Equipment	277	-
Materials, Supplies & Services	762	-
Salaries	40,767	-
Travel & Training	1,586	-
	47,085	-

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	EXPENSES $	ESTIMATES $
Riverside Access PEI		
Administration	15,436	17,800
Debt	299	-
Equipment	12,662	6,000
Materials, Supplies & Services	37,357	29,800
Salaries	601,472	655,500
Travel & Training	13,800	17,200
	681,026	726,300
Total Single Window Service	**2,849,341**	**2,937,200**
COMMUNITY AND LABOUR MARKET DEVELOPMENT		
Administration	12,237	2,700
Equipment	1,455	-
Materials, Supplies & Services	3,482	1,400
Professional & Contract Services	5,208	7,000
Salaries	716,937	700,300
Travel & Training	39,807	42,700
Grants		
Community Development	626,191	500,000
Adult Basic Education	100,000	100,000
Strategic Opportunities	223,989	250,000
Community Capacity	20,647	50,000
Total Community and Labour Market Development	**1,749,953**	**1,654,100**
TOTAL DEVELOPMENT AND TECHNOLOGY	**5,559,876**	**5,553,900**

PEI BUSINESS DEVELOPMENT INC

	EXPENSES $	ESTIMATES $
PEI BUSINESS DEVELOPMENT INC		
Grants		
Operations - Crown Corporations	21,849,500	22,043,900
	21,849,500	**22,043,900**
TOTAL PEI BUSINESS DEVELOPMENT INC	**21,849,500**	**22,043,900**

EMPLOYMENT DEVELOPMENT AGENCY

	EXPENSES $	ESTIMATES $
MANAGEMENT		
Administration	16,923	13,200
Equipment	5,810	7,400
Materials, Supplies & Services	3,255	8,100
Salaries	321,923	357,000
Travel & Training	10,806	10,400
Total Management	**358,717**	**396,100**
JOB CREATION AND PLACEMENT		
Special Projects/Job creation		
Salaries	44,145	-
Grants		
Community Job Creation Projects	1,373,212	1,531,000
	1,417,357	1,531,000
Labour Force Development		
Professional & Contract Services	95,435	150,000
Grants		
Training Program	1,250	50,000
Employment Connection Program	310,762	300,000
	407,447	500,000
Total Job Creation and Placement	**1,824,804**	**2,031,000**
JOBS FOR YOUTH		
Private and Non-Profit		
Grants		
Work for Youth - Private Sector	40,006	-
Work for Youth - Non-Profit Sector	396,812	298,500
	436,818	298,500
Public Sector		
Salaries	282,043	313,300
Total Jobs for Youth	**718,861**	**611,800**
TOTAL EMPLOYMENT DEVELOPMENT AGENCY	**2,902,382**	**3,038,900**

DEPARTMENT OF EDUCATION

	EXPENSES $	ESTIMATES $
POLICY, PLANNING AND EVALUATION		
General		
Administration	2,072	2,000
Equipment	64	-
Materials, Supplies & Services	418	1,900
Professional & Contract Services	119	-
Salaries	275,691	277,100
Travel & Training	4,870	6,200
	283,234	287,200
Assessment and Evaluation		
Administration	329	3,500
Materials, Supplies & Services	-	5,500
Professional & Contract Services	3,411	7,000
Salaries	66,617	86,600
Travel & Training	276	3,000
	70,633	105,600
Total Policy, Planning and Evaluation	**353,867**	**392,800**
FINANCE AND SCHOOL BOARD OPERATIONS		
Administration		
Administration	176,842	137,500
Equipment	3,272	18,800
Materials, Supplies & Services	116,381	107,700
Professional & Contract Services	130	-
Salaries	893,933	907,300
Travel & Training	57,003	51,200
Grants		
PEI Federation of Home and School	27,000	27,600
Miscellaneous	49,286	39,400
	1,323,847	1,289,500
Provincial Learning Materials Distribution Centre		
Administration	728	-
Materials, Supplies & Services	1,137,640	1,137,700
Salaries	108,959	108,500
Travel & Training	1,798	2,000
	1,249,125	1,248,200

DEPARTMENT OF EDUCATION

Continued

	EXPENSES $	ESTIMATES $
Grants to School Boards		
Administration	6,627	-
Professional & Contract Services	5,161	-
Salaries	128,646,210	127,085,800
Grants		
School Unit Administration	3,338,517	2,683,500
School Unit Maintenance	7,592,200	8,195,100
School Unit Transportation	2,553,080	2,374,400
School Unit Program	1,961,360	1,946,400
School Construction Costs	4,248,949	4,047,300
School Unit Capital	1,003,287	1,003,300
School Unit Bus Purchases	1,263,167	1,163,200
	150,618,558	148,499,000
Total Finance and School Board Operation	**153,191,530**	**151,036,700**
TECHNOLOGY IN LEARNING		
Systems and Technology Services		
Administration	885,976	907,300
Equipment	204,858	200,800
Materials, Supplies & Services	51,100	38,700
Professional & Contract Services	22,196	18,000
Salaries	1,464,728	1,577,300
Travel & Training	107,398	41,500
	2,736,256	2,783,600
Technology in Education		
Administration	10,898	1,000
Equipment	102,190	92,000
Materials, Supplies & Services	3,762	2,000
Professional & Contract Services	15,387	16,300
Salaries	543,365	522,600
Travel & Training	21,178	20,900
Grants		
Miscellaneous	-	264,600
	696,780	919,400
Total Technology in Learning	**3,433,036**	**3,703,000**
BRANCH ADMINISTRATION AND KINDERGARTEN		
Administration		
Administration	2,228	2,900
Equipment	64	-
Materials, Supplies & Services	18,543	10,200
Professional & Contract Services	495	6,000
Salaries	138,753	134,400
Travel & Training	4,198	6,100
Grants		
Miscellaneous	400	-
	164,681	159,600

DEPARTMENT OF EDUCATION

Continued

	EXPENSES $	ESTIMATES $
Kindergarten		
Administration	2,840	10,000
Equipment	2,069	-
Materials, Supplies & Services	122,667	198,500
Professional & Contract Services	2,559	16,700
Salaries	208,996	208,100
Travel & Training	8,070	5,600
Grants		
Miscellaneous	2,637,792	2,746,700
	2,984,993	3,185,600
Total Branch Administration and Kindergarten	**3,149,674**	**3,345,200**
ENGLISH PROGRAMS		
Human Resource Development		
Administration	35,290	15,500
Materials, Supplies & Services	1,918	11,000
Professional & Contract Services	22,120	43,500
Salaries	140,701	157,400
Travel & Training	2,560	3,400
Grants		
Teachers Federation In Service Projects	58,021	48,000
	260,610	278,800
Programs - General		
Administration	22,515	20,500
Equipment	2,656	-
Materials, Supplies & Services	19,180	34,500
Professional & Contract Services	14,076	40,700
Salaries	232,980	273,300
Travel & Training	4,067	3,700
Grants		
Miscellaneous	80,442	67,500
	375,916	440,200
Elementary Programs		
Administration	17,647	6,000
Equipment	-	4,200
Materials, Supplies & Services	71,940	101,300
Professional & Contract Services	55,233	101,100
Salaries	730,827	754,600
Travel & Training	20,289	15,600
	895,936	982,800

DEPARTMENT OF EDUCATION

Continued

	EXPENSES	ESTIMATES
	$	$
Secondary Programs		
Administration	6,968	8,000
Equipment	1,328	4,100
Materials, Supplies & Services	108,317	101,100
Professional & Contract Services	25,343	70,800
Salaries	528,721	755,200
Travel & Training	10,948	18,600
	681,625	957,800
Total English Programs	**2,214,087**	**2,659,600**
FRENCH PROGRAMS		
General		
Administration	7,000	9,700
Materials, Supplies & Services	422,622	374,800
Professional & Contract Services	39,397	45,100
Salaries	671,620	759,400
Travel & Training	26,057	21,700
Grants		
Minority and Second Language	146,570	136,500
Total French Programs	**1,313,266**	**1,347,200**
STUDENT SERVICES		
General		
Administration	19,496	3,700
Equipment	42,112	47,900
Materials, Supplies & Services	21,543	11,100
Professional & Contract Services	29,702	59,200
Salaries	1,263,036	1,262,900
Travel & Training	68,997	36,100
Grants		
Resource Centres - APSEA	593,911	810,100
Pre-School Funding	5,671	-
Safe Graduation Program	5,600	5,600
Allied Youth	21,209	35,800
Other Youth	-	2,400
Miscellaneous	57,109	58,100
Total Student Services	**2,128,386**	**2,332,900**

DEPARTMENT OF EDUCATION

Continued

	EXPENSES $	ESTIMATES $
CONTINUING EDUCATION AND TRAINING		
General		
Administration	26,728	32,900
Equipment	26,187	3,900
Materials, Supplies & Services	4,101	10,500
Professional & Contract Services	18,186	4,500
Salaries	933,172	933,700
Travel & Training	8,970	13,000
Grants		
School Union	442	-
	1,017,786	998,500
Apprenticeship and Training		
Administration	4,667	1,800
Equipment	923	-
Materials, Supplies & Services	4,020	1,300
Professional & Contract Services	48,687	34,800
Salaries	287,816	233,200
Travel & Training	22,856	12,500
Grants		
Miscellaneous	17,500	15,000
Apprenticeship Training Allowances	1,600	2,500
	388,069	301,100
Post Secondary Grants		
Debt	769,781	-
Grants		
Education	128,280	150,000
College L'Acadie	300,750	300,800
Student Assistance	3,262,496	3,558,000
MPHEC	39,803,109	39,377,900
Atlantic Region Vet College	6,704,048	6,801,500
Atlantic Police Academy	450,000	450,000
Community Schools	20,000	20,000
Labour Market Development	6,421,999	5,552,000
Adult Night Classes	124,200	124,200
Miscellaneous	10,000	10,000
Adult Basic Education	100,000	100,000
Industry Incentives	100,000	100,000
	58,194,663	56,544,400
Total Continuing Education and Training	**59,600,518**	**57,844,000**
TOTAL DEPARTMENT OF EDUCATION	**225,384,364**	**222,661,400**

ISLAND REGULATORY AND APPEALS COMMISSION

	EXPENSES $	ESTIMATES $
GENERAL		
Grants		
Operating Grant	1,200,000	1,200,000
TOTAL ISLAND REGULATORY AND APPEALS COMMISSION	**1,200,000**	**1,200,000**

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

	EXPENSES $	ESTIMATES $
DEPARTMENT MANAGEMENT		
Administration	5,222	8,900
Materials, Supplies & Services	3,213	3,000
Salaries	242,983	254,100
Travel & Training	15,122	17,700
Grants		
C.C.R.E.M	10,000	10,000
Miscellaneous	5,730	9,000
Total Department Management	**282,270**	**302,700**
POLLUTION PREVENTION		
Administration		
Administration	31,158	30,100
Equipment	794	-
Materials, Supplies & Services	9,282	8,000
Professional & Contract Services	7,663	5,800
Salaries	272,045	297,600
Travel & Training	18,020	21,300
Grants		
Miscellaneous	2,000	-
	340,962	362,800
Air and Hazardous Materials		
Administration	6,808	2,100
Equipment	26,978	30,600
Materials, Supplies & Services	32,707	34,800
Professional & Contract Services	115,094	100,100
Salaries	383,818	397,300
Travel & Training	42,016	42,900
Grants		
Miscellaneous	3,500	3,500
	610,921	611,300
Environmental Assessment		
Administration	232	600
Equipment	840	-
Materials, Supplies & Services	235	2,000
Professional & Contract Services	112,439	5,500
Salaries	189,637	193,500
Travel & Training	28,022	21,700
	331,405	223,300

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

Continued

	EXPENSES $	ESTIMATES $
Pesticide Control		
Administration	11,776	5,500
Equipment	210	900
Materials, Supplies & Services	4,574	4,500
Professional & Contract Services	25,652	52,200
Salaries	187,038	180,700
Travel & Training	36,363	30,500
	265,613	274,300
Total Pollution Prevention	**1,548,901**	**1,471,700**
WATER MANAGEMENT		
Administration		
Administration	33,260	17,400
Equipment	-	2,400
Materials, Supplies & Services	15,571	16,100
Professional & Contract Services	15,390	19,600
Salaries	191,234	205,200
Travel & Training	2,728	2,800
	258,183	263,500
Watershed Management		
Administration	1,179	900
Equipment	4,484	-
Materials, Supplies & Services	5,100	4,800
Salaries	241,860	246,600
Travel & Training	8,947	20,300
	261,570	272,600
Watershed Management Program		
Administration	677	8,700
Equipment	-	2,500
Materials, Supplies & Services	1,034	8,300
Salaries	164,449	224,700
Travel & Training	21,580	33,300
Grants		
Miscellaneous	119,262	135,000
	307,002	412,500
Drinking Water Management		
Administration	2,260	17,500
Equipment	25,778	2,400
Materials, Supplies & Services	4,992	31,900
Professional & Contract Services	8,068	6,900
Salaries	517,149	524,000
Travel & Training	49,691	61,100
	607,938	643,800

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

Continued

	EXPENSES $	ESTIMATES $
PEI Analytical Laboratories - Microbiology		
Administration	1,575	3,500
Equipment	14,817	18,300
Materials, Supplies & Services	42,110	86,000
Professional & Contract Services	45,888	20,600
Salaries	310,258	365,100
Travel & Training	1,355	2,000
	416,003	495,500
PEI Analytical Laboratories - Chemistry		
Administration	2,668	1,000
Equipment	1,012	4,500
Materials, Supplies & Services	35,600	34,800
Professional & Contract Services	15,629	10,400
Salaries	97,279	103,300
Travel & Training	565	400
	152,753	154,400
Shellfish Program		
Administration	614	-
Equipment	18,819	-
Materials, Supplies & Services	6,354	11,500
Salaries	51,196	59,600
Travel & Training	5,076	10,600
	82,059	81,700
Pesticide Monitoring Program		
Administration	13	-
Equipment	28,959	-
Materials, Supplies & Services	256	3,000
Professional & Contract Services	43,224	81,800
	72,452	84,800
Total Water Management	**2,157,960**	**2,408,800**
CONSERVATION AND MANAGEMENT		
Administration		
Administration	39,888	45,100
Equipment	39,135	1,800
Materials, Supplies & Services	43,967	25,000
Professional & Contract Services	145,926	108,900
Salaries	696,484	644,700
Travel & Training	99,254	70,100
Grants		
Wildlife Conservation	110,127	130,000
	1,174,781	1,025,600
Wetland Management		
Professional & Contract Services	62,048	91,000
	62,048	91,000

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

Continued

	EXPENSES $	ESTIMATES $
Investigation and Enforcement		
Administration	21,760	19,000
Equipment	5,665	2,200
Materials, Supplies & Services	15,055	11,800
Professional & Contract Services	84	1,000
Salaries	411,513	439,500
Travel & Training	98,989	95,500
	553,066	569,000
Total Conservation and Management	**1,789,895**	**1,685,600**
ADMINISTRATION		
General		
Administration	36,178	43,400
Equipment	3,805	7,800
Materials, Supplies & Services	10,139	16,000
Professional & Contract Services	-	8,200
Salaries	422,789	395,600
Travel & Training	1,765	6,800
	474,676	477,800
Energy Development		
Salaries	703	-
	703	-
Total Administration	**475,379**	**477,800**
FORESTRY AND LAND RESOURCE MODELING		
Division Management		
Administration	31,279	33,000
Equipment	1,148	1,300
Materials, Supplies & Services	11,720	15,000
Professional & Contract Services	422	700
Salaries	372,447	355,100
Travel & Training	21,354	28,200
Grants		
Miscellaneous	35,961	35,800
	474,331	469,100
Forest Fire Protection		
Administration	10,607	7,000
Equipment	2,371	2,700
Materials, Supplies & Services	10,309	11,400
Professional & Contract Services	20,508	9,000
Salaries	88,966	84,400
Travel & Training	67,076	62,100
Grants		
Forest Fire Truck Maintenance	6,400	6,400
	206,237	183,000

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

Continued

	EXPENSES $	ESTIMATES $
Production Development		
Administration	34,466	34,300
Equipment	1,963	10,500
Materials, Supplies & Services	237,814	208,200
Professional & Contract Services	3,973	10,000
Salaries	631,140	636,700
Travel & Training	11,635	15,100
	920,991	914,800
Provincial Forests Program		
Administration	47,390	51,000
Equipment	8,530	17,900
Materials, Supplies & Services	68,412	62,100
Professional & Contract Services	90,495	135,900
Salaries	1,232,291	1,240,600
Travel & Training	114,428	94,400
	1,561,546	1,601,900
Private Land Program		
Administration	7,025	4,900
Equipment	694	1,900
Materials, Supplies & Services	5,406	7,200
Professional & Contract Services	1,556	1,000
Salaries	544,888	547,800
Travel & Training	77,924	83,200
Grants		
Forest En	96,720	100,000
Woodlot Owners	880,485	830,400
	1,614,698	1,576,400
Resource Inventory and Modeling		
Administration	8,477	6,900
Equipment	14,416	25,400
Materials, Supplies & Services	8,909	12,300
Professional & Contract Services	33,038	50,400
Salaries	477,236	453,400
Travel & Training	31,434	31,700
	573,510	580,100
Forest Environment Program		
Administration	1,242	2,500
Equipment	3,875	2,000
Materials, Supplies & Services	41,640	61,700
Professional & Contract Services	24,755	67,500
Salaries	45,248	82,000
Travel and Training	188	5,000
Grants		
Miscellaneous	12,136	19,000
	129,084	239,700
Total Forestry and Land Resource Modeling	**5,480,397**	**5,565,000**
TOTAL ENVIRONMENT, ENERGY AND FORESTRY	**11,734,802**	**11,911,600**

P.E.I. ENERGY CORPORATION

	EXPENSES $	ESTIMATES $
OPERATIONS		
Grants		
Operating Grants-Economic	600,600	600,600
TOTAL P.E.I. ENERGY CORPORATION	**600,600**	**600,600**

EXECUTIVE COUNCIL

	EXPENSES $	ESTIMATES $
PREMIER'S OFFICE		
Administration	28,845	27,000
Equipment	68	4,700
Materials, Supplies and Services	3,246	7,600
Salaries	508,366	525,400
Travel & Training	69,311	43,800
Total Premier's Office	**609,836**	**608,500**
EXECUTIVE COUNCIL OFFICE		
Administration	22,494	25,000
Equipment	1,200	4,800
Materials, Supplies and Services	9,516	7,300
Salaries	983,687	1,043,100
Travel & Training	9,337	16,000
Total Executive Council Office	**1,026,234**	**1,096,200**
PLANNING AND RESEARCH		
Professional & Contract Services	14,173	115,100
Total Planning and Research	**14,173**	**115,100**
INTERGOVERNMENTAL AFFAIRS		
Salaries	220,037	309,400
Travel & Training	49,831	36,600
Grants		
Canadian Intergovernmental Conference Secretariat	10,500	13,800
Total Intergovernmental Affairs	**280,368**	**359,800**
ACADIAN AND FRANCOPHONE AFFAIRS		
Acadian and Francophone Affairs		
Administration	7,628	9,900
Equipment	5,942	1,800
Materials, Supplies & Services	22,917	13,600
Professional & Contract Services	137,332	82,400
Salaries	378,628	421,400
Travel & Training	13,009	14,100
Grants		
Miscellaneous	154,876	15,500
	720,332	558,700

EXECUTIVE COUNCIL

continued

	EXPENSES $	ESTIMATES $
Acadian Communities Advisory Council		
Administration	1,531	2,700
Materials, Supplies & Services	2,071	700
Salaries	2,305	6,300
Travel & Training	965	2,700
	6,872	12,400
Total Acadian and Francophone Affairs	**727,204**	**571,100**
ELECTORAL BOUNDARIES COMMISSION		
Administration	481	-
Materials, Supplies & Services	21,612	-
Professional & Contract Services	10,489	-
Salaries	6,110	-
Travel & Training	1,728	-
Total Electoral Boundaries Commission	**40,420**	**-**
TOTAL EXECUTIVE COUNCIL	**2,698,235**	**2,750,700**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

	EXPENSES $	ESTIMATES $
CORPORATE SERVICES		
Deputy Minister's Office		
Administration	14,769	19,200
Equipment	375	1,400
Materials, Supplies & Services	364	5,000
Professional & Contract Services	-	800
Salaries	296,076	250,600
Travel & Training	29,547	20,300
	341,131	297,300
General Office		
Administration	10,686	16,900
Equipment	-	200
Materials, Supplies & Services	2,204	6,600
Professional & Contract Services	11,684	28,600
Salaries	373,747	386,200
Travel & Training	8,929	12,400
	407,250	450,900
Partnerships and Strategic Planning		
Administration	4,793	16,400
Equipment	1,096	1,100
Materials, Supplies & Services	213	13,200
Professional & Contract Services	6,508	33,400
Salaries	380,159	419,400
Travel & Training	2,054	5,700
Grants		
Miscellaneous	1,969	-
	396,792	489,200
Human Resource Management		
Administration	10,672	11,600
Equipment	210	-
Materials, Supplies & Services	11,231	14,100
Professional & Contract Services	-	59,000
Salaries	283,193	307,000
Travel & Training	11,849	15,400
Grants		
Miscellaneous	1,080,757	1,255,400
	1,397,912	1,662,500
Total Corporate Services	**2,543,085**	**2,899,900**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENSES $	ESTIMATES $
OFFICE OF THE CHIEF HEALTH OFFICER		
General		
Administration	13,887	9,400
Equipment	4,522	-
Materials, Supplies & Services	537,834	390,400
Professional & Contract Services	38,752	37,300
Salaries	508,264	389,900
Travel & Training	30,592	8,200
Grants		
Miscellaneous	431,762	-
Total Office of the Chief Health Officer	**1,565,613**	**835,200**
MEDICAL PROGRAMS		
General Office		
Administration	5,253	8,500
Equipment	-	1,500
Materials, Supplies & Services	1,401	1,000
Equipment	883	5,000
Salaries	217,008	232,500
Travel & Training	7,249	13,500
Grants		
Miscellaneous	8,740	10,200
Miscellaneous	-	500
	240,534	272,700
Medicare Services		
Administration	20,192	24,100
Equipment	114	1,800
Materials, Supplies & Services	2,607	6,000
Professional & Contract Services	52,411,361	51,011,000
Salaries	360,070	355,500
Travel	231	5,100
	52,794,575	51,403,500
Physician Services		
Administration	10,848	15,300
Equipment	-	400
Materials, Supplies & Services	689	2,000
Professional & Contract Services	24,195,711	23,074,100
Salaries	380,916	396,300
Travel & Training	7,849	11,200
Grants		
Ground Ambulance Program	3,720,838	2,910,900
Canadian Blood Agency	2,201,828	2,112,000
Atlantic Research Council	-	28,800
Miscellaneous	20,520	21,300
	30,539,199	28,572,300

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENSES $	ESTIMATES $
Physician Recruitment and Training		
Administration	4,736	12,800
Equipment	1,950	5,000
Materials, Supplies & Services	12,635	16,000
Professional & Contract Services	38,332	68,000
Salaries	243,669	246,600
Travel & Training	10,029	12,500
Grants		
Residency	100,738	100,000
Miscellaneous	1,103,415	1,126,000
	1,515,504	1,586,900
Primary Care Redesign		
Administration	17,120	62,900
Equipment	74,567	62,400
Materials, Supplies & Services	33,681	90,000
Professional & Contract Services	172,061	346,200
Salaries	416,509	661,600
Travel & Training	22,664	36,200
Grants		
Miscellaneous	2,475,661	3,425,400
	3,212,263	4,684,700
Technology Assement		
Administration	1,552	2,800
Materials, Supplies & Services	312,039	247,500
Salaries	129,533	172,500
Travel & Training	2,418	4,000
Grants		
Miscellaneous	163,720	427,000
	609,262	853,800
Total Medical Programs	**88,911,337**	**87,373,900**
FINANCE AND ADMINISTRATION		
General Office		
Administration	5,200	7,000
Materials, Supplies & Services	422	1,000
Salaries	200,734	195,200
Travel & Training	156	3,000
	206,512	206,200

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENSES $	ESTIMATES $
Financial Services		
Administration	414,075	407,300
Debt	4,179,693	4,280,000
Equipment	266	-
Materials, Supplies & Services	93,639	86,000
Professional & Contract Services	295,017	411,000
Salaries	315,183	602,800
Travel & Training	15,274	17,500
Grants		
Regional Services	510,241	2,219,000
Gertrude-Cotton Trust	4,300	4,000
Comprehensive Home Repair Programs	576,293	400,000
Education Bursaries	460,000	445,000
Hospital Capital Equipment Grant	344,355	2,200,000
	7,208,336	11,072,600
Financial Planning		
Administration	5,908	17,300
Materials, Supplies & Services	241	1,000
Professional & Contract Services	5,461	5,000
Salaries	341,260	369,800
Travel & Training	13,590	18,400
	366,460	411,500
Total Finance and Administration	**7,781,308**	**11,690,300**
HEALTH INFORMATICS		
Information Resources		
Administration	5,645	7,000
Equipment	-	500
Materials, Supplies & Services	-	500
Professional & Contract Services	1,773	46,600
Salaries	389,869	360,800
Travel & Training	1,290	3,200
	398,577	418,600
Implementation and Support		
Administration	20,426	20,300
Equipment	-	500
Materials, Supplies & Services	174	400
Salaries	1,518,704	1,666,200
Travel	18,280	15,000
	1,557,584	1,702,400
Island Health Information System Project		
Administration	57,323	20,200
Equipment	222,898	406,700
Materials, Supplies & Services	1,527,046	1,494,800
Professional & Contract Services	3,569,178	3,148,200
Salaries	54,017	-
Travel	15,082	79,800
	5,445,544	5,149,700

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENSES $	ESTIMATES $
Information Technology Management		
Administration	3,734	4,800
Equipment	177	4,500
Materials, Supplies & Services	-	11,500
Professional & Contract Services	25,520	75,000
Salaries	106,284	135,200
Travel	5,403	14,000
	141,118	245,000
Operations		
Salaries	-	67,100
	-	67,100
Total Health Informatics	**7,542,823**	**7,582,800**
HEALTH POLICY DEVELOPMENT		
Epidemiology Unit		
Administration	4,445	2,800
Equipment	934	2,000
Materials, Supplies & Services	1,995	3,000
Professional & Contract Services	-	42,500
Salaries	237,999	276,800
Travel & Training	3,490	7,000
Grants		
Miscellaneous	228,163	125,000
	477,026	459,100
General Office		
Administration	2,911	7,500
Equipment	4,072	1,400
Materials, Supplies & Services	95	6,000
Professional & Contract Services	1,000	43,400
Salaries	203,684	207,100
Travel	5,733	9,900
Grants		
Miscellaneous	1,956	6,000
	219,451	281,300
Reproductive Care Program		
Administration	2,511	3,900
Materials, Supplies & Services	1,733	2,800
Professional & Contract Services	5,320	7,600
Salaries	123,164	119,800
Travel	2,571	2,900
	135,299	137,000

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENSES $	ESTIMATES $
Public Health Policy		
Administration	10,978	24,500
Equipment	682	200
Materials, Supplies & Services	76,292	61,700
Professional & Contract Services	87,635	160,500
Salaries	401,453	374,400
Travel	16,727	41,100
Grants		
Miscellaneous	69,416	81,800
	663,183	744,200
Continuing Care		
Administration	5,617	6,500
Equipment	36,105	30,600
Materials, Supplies & Services	1,040,205	935,000
Professional & Contract Services	164,036	45,000
Salaries	227,568	282,500
Travel & Training	52,154	55,700
Grants		
Miscellaneous	5,000	35,000
	1,530,685	1,390,300
Total Health Policy Development	**3,025,644**	**3,011,900**
SOCIAL POLICY DEVELOPMENT		
General Office		
Administration	18,004	7,300
Equipment	-	1,000
Materials, Supplies & Services	5,926	9,100
Professional & Contract Services	89,181	83,800
Salaries	423,773	559,100
Travel & Training	15,365	13,800
Grants		
Canadian Mental Health Association	153,308	153,300
PEI Rape & Sexual Assault	-	157,800
Transition House	-	453,800
Canadian Mental Health Association	169,932	169,900
Canadian Mental Health Association	583,140	583,200
Miscellaneous	157,851	156,700
	1,616,480	2,348,800

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENSES $	ESTIMATES $
Child Welfare		
Administration	222,116	75,000
Equipment	1,312	9,000
Materials, Supplies & Services	65,286	32,200
Professional & Contract Services	14,906	15,000
Salaries	1,092,740	383,600
Travel & Training	62,502	12,600
Grants		
Federation of Foster Families	22,350	48,200
Children-In-Care Special Allowance	-	100,000
Miscellaneous	-	921,500
	1,481,212	1,597,100
Community Services		
Administration	8,552	15,200
Materials, Supplies & Services	377	3,500
Professional & Contract Services	457,898	61,000
Salaries	229,179	239,900
Travel & Training	14,786	8,700
Grants		
Day Care Centers Maintenance	299,548	310,000
Day Care Centers Special Needs	1,227,155	815,800
Early Childhood Development Association	41,857	75,100
Miscellaneous	235,414	450000
	2,514,766	1,979,200
Income Security		
Administration	14,648	20,400
Equipment	-	2,500
Materials, Supplies & Services	9,778	3,100
Professional & Contract Services	48,292	202,500
Salaries	463,583	451,100
Travel & Training	29,619	38,400
Grants		
Catholic Family Services Bureau	40,275	58,700
PEI Association For Community	41,600	41,600
PEI Education Coalition	8,800	8,800
Canadian Institute for the Blind	68,000	68,000
PEI Council of the Disabled	100,025	81,600
Employability Assistance	2,850	50,000
Professional Services Association	2,200	2,200
Miscellaneous	289,965	266,400
	1,119,635	1,295,300
Total Social Policy Development	**6,732,093**	**7,220,400**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENSES $	ESTIMATES $
REGULATORY SERVICES		
Vital Statistics		
Administration	9,824	8,800
Equipment	-	700
Materials, Supplies & Services	5,623	4,500
Professional & Contract Services	2,520	2,600
Salaries	253,016	245,500
Travel & Training	3,331	4,000
	274,314	266,100
Environmental Health		
Administration	11,444	12,700
Equipment	645	3,900
Materials, Supplies & Services	2,640	6,900
Professional & Contract Services	83,585	35,000
Salaries	343,041	356,700
Travel	30,697	34,900
	472,052	450,100
General Office		
Administration	5,415	6,800
Equipment	-	700
Materials, Supplies & Services	3,041	3,100
Professional & Contract Services	6,468	7,500
Salaries	373,194	425,100
Travel & Training	15,345	11,600
	403,463	454,800
Total Regulatory Services	**1,149,829**	**1,171,000**
PROVINCIAL HEALTH SERVICES AUTHORITY		
General PHSA		
Grants		
Hillsborough Hospital & Addiction Services	18,278,004	13,839,700
Prince County Hospital	28,008,400	28,008,400
Queen Elizabeth Hospital	78,579,500	78,579,500
Total Provincial Health Services Authority	**124,865,904**	**120,427,600**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENSES $	ESTIMATES $
REGIONALLY DELIVERED SERVICES		
Community Hospitals		
Salaries	114,626	-
Grants		
Western Hospital	3,541,000	3,541,000
O'Leary Community Hospital	3,502,200	3,502,200
Stewart Memorial Hospital	1,780,800	1,780,800
Kings County Memorial Hospital	5,037,100	5,037,100
Souris Hospital	3,742,600	3,742,600
	17,718,326	17,603,700
Regional Services		
Salaries	237,076	-
Travel & Training	63	-
Grants		
Regional Services	169,040,429	168,502,600
	169,277,568	168,502,600
Total Regionally Delivered Services	**186,995,894**	**186,106,300**
PREMIER'S ACTION COMMITTEE ON FAMILY VIOLENCE PREVENTION		
Administration	2,030	-
Equipment	2,434	-
Materials, Supplies & Services	2,063	-
Salaries	93,926	-
Travel & Training	3,802	-
Grants		-
PEI Rape and sexual Assault	157,800	-
Transition House	453,800	-
Total Premier's Action Committee on Family Violence	**715,855**	-
TOTAL HEALTH AND SOCIAL SERVICES	**431,829,385**	**428,319,300**

LEGISLATIVE ASSEMBLY

	EXPENSES $	ESTIMATES $
LEGISLATIVE SERVICES		
Administration	120,050	137,500
Equipment	26,143	69,500
Materials, Supplies and Services	76,389	38,400
Professional & Contract Services	59,707	51,000
Salaries	1,005,383	1,026,200
Travel & Training	25,181	15,100
Grants		
Opposition Members Office	73,300	53,300
Commonwealth Parliamentary Association	18,717	16,000
Government Members Office	100,400	120,400
Total Legislative Services	**1,505,270**	**1,527,400**
MEMBERS		
Salaries	1,491,461	1,542,100
Travel & Training	101,873	108,400
Total Members	**1,593,334**	**1,650,500**
OFFICE OF THE CONFLICT OF INTEREST COMMISSIONER		
Professional & Contract Services	-	25,000
Salaries	25,096	-
Travel & Training	-	3,200
Total Office of the Conflict of Interest Commissioner	**25,096**	**28,200**
OFFICE OF THE INFORMATION AND PRIVACY COMMISSIONER		
Administration	3,114	4,900
Equipment	105	-
Materials, Supplies & Services	235	1,600
Professional & Contract Services	926	1,000
Salaries	73,205	72,800
Travel & Training	3,600	5,000
Total Office of the Information & Privacy Commissioner	**81,185**	**85,300**
ELECTIONS		
Administration	5,196	5,000
Equipment	1,125	1,300
Materials, Supplies and Services	2,112	2,500
Professional & Contract Services	19,724	2,000
Salaries	174,311	174,100
Travel & Training	2,809	4,000
Total Elections	**205,277**	**188,900**
TOTAL LEGISLATIVE ASSEMBLY	**3,410,162**	**3,480,300**

DEPARTMENT OF THE PROVINCIAL TREASURY

	EXPENSES $	ESTIMATES $
ADMINISTRATION		
General		
Administration	20,529	21,700
Equipment	1,699	5,700
Materials, Supplies & Services	1,737	2,900
Salaries	394,506	464,100
Travel & Training	57,949	57,900
Total Administration	**476,420**	**552,300**
FISCAL MANAGEMENT		
General		
Administration	28,270	46,100
Equipment	1,827	11,400
Materials, Supplies & Services	4,762	29,400
Professional & Contract Services	177,447	203,200
Salaries	700,740	768,400
Travel & Training	28,758	32,100
Total Fiscal Management	**941,804**	**1,090,600**
POLICY AND EVALUATION		
General		
Administration	3,630	5,100
Equipment	953	900
Materials, Supplies & Services	499	1,900
Salaries	276,540	272,400
Travel & Training	2,571	4,700
	284,193	285,000
Risk Management and Insurance		
Administration	3,367	4,700
Equipment	1,851	800
Materials, Supplies & Services	1,085	800
Professional & Contract Services	46,583	47,900
Salaries	216,199	212,000
Travel & Training	2,815	4,300
	271,900	270,500
Total Policy and Evaluation	**556,093**	**555,500**

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENSES $	ESTIMATES $
TAXATION AND PROPERTY RECORDS		
Administration		
Administration	30,835	27,900
Debt	988,800	1,158,800
Materials, Supplies & Services	5,996	12,200
Salaries	342,679	361,500
Travel & Training	11,228	10,400
	1,379,538	1,570,800
Tax Audit, Collection and Inspection Services		
Salaries	1,117,008	1,219,400
Travel & Training	68,894	77,300
	1,185,902	1,296,700
Tax Administration and Client Services		
Administration	115,357	150,500
Equipment	3,649	1,000
Materials, Supplies & Services	75,915	65,800
Professional & Contract Services	17,600	673,200
Salaries	1,398,675	1,404,100
Travel & Training	6,269	5,000
	1,617,465	2,299,600
Information Technology Services		
Administration	4,904	-
Equipment	45,422	8,300
Materials, Supplies & Services	954	4,200
Professional & Contract Services	270,521	294,000
Salaries	491,303	442,800
Travel & Training	14,841	19,500
	827,945	768,800
Property Assessment Services		
Materials, Supplies & Services	9,419	4,000
Salaries	955,186	940,000
Travel & Training	65,810	62,600
	1,030,415	1,006,600
Total Taxation and Property Records	**6,041,265**	**6,942,500**
OFFICE OF THE COMPTROLLER		
Accounting		
Administration	17,288	27,800
Equipment	8,242	15,800
Materials, Supplies & Services	386,165	404,700
Professional & Contract Services	-	15,000
Salaries	704,868	804,100
Travel & Training	15,054	8,000
	1,131,617	1,275,400

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENSES $	ESTIMATES $
Procurement		
Administration	5,772	11,700
Equipment	625	5,700
Materials, Supplies & Services	1,065	2,700
Professional & Contract Services	-	2,000
Salaries	194,524	271,500
Travel & Training	1,517	3,700
	203,503	297,300
Total Office of the Comptroller	**1,335,120**	**1,572,700**
INFORMATION SERVICES		
Document Publishing Centre		
Administration	752,849	784,100
Materials, Supplies & Services	464,412	478,800
Professional & Contract Services	47,274	50,000
Salaries	610,754	549,300
Travel & Training	-	900
	1,875,289	1,863,100
Multimedia Services		
Administration	9,014	13,400
Equipment	7,893	7,700
Materials, Supplies & Services	53,989	66,200
Professional & Contract Services	1,750	3,500
	72,646	90,800
Audio Visual and Text Services		
Salaries	528,946	738,900
Travel & Training	11,193	26,300
	540,139	765,200
Strategic Marketing and Design		
Administration	13,442	29,600
Equipment	8,991	3,700
Materials, Supplies & Services	34,629	48,600
Salaries	417,592	383,300
Travel & Training	547	3,800
	475,201	469,000
Administration		
Administration	3,295	5,500
Equipment	-	1,300
Materials, Supplies & Services	253	1,100
Salaries	116,672	155,000
	120,220	162,900
Total Information Services	**3,083,495**	**3,351,000**

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENSES $	ESTIMATES $
ECONOMICS, STATISTICS AND FEDERAL FISCAL RELATIONS		
General		
Administration	5,524	7,900
Equipment	1,286	5,200
Materials, Supplies & Services	658	2,800
Professional & Contract Services	19,854	17,300
Salaries	372,724	367,400
Travel & Training	26,291	42,300
Total Economics, Statistics and Federal Fiscal Relations	**426,337**	**442,900**
INFORMATION TECHNOLOGY MANAGEMENT GROUP		
Administration		
Administration	18,749	29,500
Equipment	933	2,700
Materials, Supplies & Services	4,366	6,500
Salaries	299,088	452,700
Travel & Training	61,797	129,600
	384,933	621,000
Information Systems Delivery		
Administration	18,215	15,600
Equipment	10,393	500
Materials, Supplies & Services	2,537	3,000
Professional & Contract Services	11,070	-
Salaries	1,487,253	1,463,300
Travel & Training	1,144	6,900
	1,530,612	1,489,300
IT Operations		
Administration	31,233	62,000
Equipment	24,715	11,400
Materials, Supplies & Services	1,015,774	1,087,700
Professional & Contract Services	1,107	-
Salaries	1,021,988	1,012,700
Travel & Training	9,454	15,100
	2,104,271	2,188,900
Telecommunications		
Administration	12,122	19,100
Equipment	2,484	-
Materials, Supplies & Services	208,689	323,900
Professional & Contract Services	176,104	-
Salaries	468,530	488,800
Travel & Training	3,893	4,100
	871,822	835,900
Total Information Technology Management Group	**4,891,638**	**5,135,100**
TOTAL PROVINCIAL TREASURY	**17,752,172**	**19,642,600**

GENERAL GOVERNMENT

	EXPENSES $	ESTIMATES $
MISCELLANEOUS GENERAL		
Administration	90,896	130,000
Materials, Supplies & Services	39	-
Professional & Contract Services	-	35,900
Travel & Training	135,783	48,000
Total Miscellaneous General	**226,718**	**213,900**
GRANTS		
Eastern Canadian Premiers Secretariat	4,274	5,100
Relief from Property Tax	726,096	776,000
Charlottetown Driving Park	578,342	725,000
Prince County Horseman's Association	149,903	85,000
Miscellaneous	290,306	346,100
Total Grants	**1,748,921**	**1,937,200**
GOVERNMENT INSURANCE PROGRAM		
Insurance Policies		
Administration	1,186,852	1,475,200
Total Government Insurance Program	**1,186,852**	**1,475,200**
SALARY NEGOTIATION		
Salary Negotiation - Salaries	743,996	8,500,000
Salary Negotiation TOTAL	**743,996**	**8,500,000**
CONTINGENCY FUND		
Administration	1,338	-
Professional & Contract Services	196,949	-
Grants		
Miscellaneous	1,141,335	1,790,200
Total Contingency Fund	**1,339,622**	**1,790,200**
TOTAL GENERAL GOVERNMENT	**5,246,109**	**13,916,500**

TECHNOLOGY ASSET MANAGEMENT

	EXPENSES $	ESTIMATES $
TECHNOLOGY ASSET MANAGEMENT		
Equipment Rental	2,427,002	2,700,700
TOTAL TECHNOLOGY ASSET MANAGEMENT	**2,427,002**	**2,700,700**

P.E.I. LENDING AGENCY

	EXPENSES $	ESTIMATES $
GENERAL		
Grants		
Operating Grant	3,436,200	746,200
TOTAL PEI LENDING AGENCY	**3,436,200**	**746,200**

COUNCIL OF ATLANTIC PREMIERS

	EXPENSES $	ESTIMATES $
COUNCIL OF ATLANTIC PREMIERS		
Atlantic Provinces Education Foundation	15,917	15,900
Council of Atlantic Premiers Secretariat	17,400	17,400
Maritime Provinces Higher Education Commission	84,943	86,000
Atlantic Provinces Community College Consortium	4,640	4,200
TOTAL COUNCIL OF ATLANTIC PREMIERS	**122,900**	**123,500**

PUBLIC SERVICE COMMISSION

	EXPENSES $	ESTIMATES $
MANAGEMENT		
Administration	24,664	19,700
Equipment	926	-
Materials, Supplies and Services	758	3,100
Professional & Contract Services	1,226	14,500
Salaries	174,220	163,600
Travel & Training	1562	7,300
Total Management	**203,356**	**208,200**
CLASSIFICATION AND LABOUR RELATIONS		
Administration	5,702	5,100
Equipment	221	-
Materials, Supplies and Services	4,177	1,400
Professional & Contract Services	840,120	830,300
Salaries	479,591	510,000
Travel & Training	4,470	5,000
Total Classification and Labour Relations	**1,334,281**	**1,351,800**
LEARNING AND DEVELOPMENT		
Employee Assistance Programs		
Administration	8,547	18,900
Equipment	-	500
Materials, Supplies and Services	4,791	4,800
Professional & Contract Services	425	-
Salaries	216,152	210,900
Travel & Training	7,555	6,600
	237,470	241,700
Occupational Health and Safety		
Administration	4,831	5,100
Equipment	406	-
Materials, Supplies and Services	2,149	5,700
Professional & Contract Services	4,343	15,000
Salaries	109,549	149,200
Travel & Training	6,587	8,900
	127,865	183,900
Language Training Centre		
Administration	7,072	9,000
Equipment	5,582	-
Materials, Supplies and Services	3,020	4,000
Professional & Contract Services	271	-
Salaries	287,660	293,400
Travel & Training	2,345	6,500
	305,950	312,900
Total Leaning and Development	**671,285**	**738,500**

PUBLIC SERVICE COMMISSION

Continued

	EXPENSES $	ESTIMATES $
STAFFING AND HUMAN RESOURCES PLANNING		
Administration	23,291	24,000
Equipment	4,337	700
Materials, Supplies and Services	15,701	32,200
Professional & Contract Services	780	-
Salaries	1,001,130	1,024,700
Travel & Training	17,616	12,000
Grants		
Miscellaneous	15,358	30,000
Total Staffing and Human Resources Planning	**1,078,213**	**1,123,600**
CORPORATE SERVICES, SYSTEMS AND ADMINISTRATION		
Systems and Administration		
Administration	7,522	7,900
Equipment	635	-
Materials, Supplies and Service	365,646	400,500
Salaries	291,929	302,800
Travel & Training	1,742	5,900
	667,474	717,100
Employee Benefits		
Administration	8,309	14,700
Equipment	4,105	2,000
Materials, Supplies and Services	2,975	6,800
Professional & Contract Services	-	6,500
Salaries	426,543	466,300
Travel & Training	7,944	3,900
	449,876	500,200
Corporate Services		
Administration	15,190	13,800
Equipment	-	600
Materials, Supplies and Service	11,088	16,000
Professional & Contract Services	-	3,600
Salaries	126,904	86,100
Travel & Training	309,067	314,300
	462,249	434,400
Total Corporate Services, Systems and Administration	**1,579,599**	**1,651,700**
TOTAL PUBLIC SERVICE COMMISSION	**4,866,734**	**5,073,800**

EMPLOYEE BENEFITS

	EXPENSES $	ESTIMATES $
MEDICAL / LIFE BENEFITS		
Professional & Contract Services	10,647	-
Salaries	224,199	317,600
Total Medical / Life Benefits	**234,846**	**317,600**
EMPLOYEES' FUTURE BENEFITS		
Administration	1,710	-
Professional & Contract Services	1,521	-
Salaries	9,056,396	4,112,000
Travel & Training	35	-
Total Employees' Future Benefits	**9,059,662**	**4,112,000**
GOVERNMENT PENSION CONTRIBUTION		
Government Pension Salaries	17,862,290	6,717,800
Government Pension TOTAL	**17,862,290**	**6,717,800**
PENSION MANAGEMENT		
Administration	14,522	30,000
Equipment	12,277	18,500
Professional & Contract Services	221,415	240,500
Salaries	55,344	66,000
Total Pension Management	**303,558**	**355,000**
TOTAL EMPLOYEE BENEFITS	**27,460,356**	**11,502,400**

DEPARTMENT OF TOURISM

	EXPENSES $	ESTIMATES $
DEPARTMENT MANAGEMENT		
Administration	8,919	9,700
Equipment	-	1,200
Materials, Supplies & Services	19,620	19,600
Professional & Contract Services	1,938	2,000
Salaries	89,679	90,000
Travel & Training	9,060	13,900
TOTAL DEPARTMENT OF TOURISM	**129,216**	**136,400**

TOURISM PEI

	EXPENSES $	ESTIMATES $
TOURISM PEI		
Grants		
Tourism PEI Inc	12,312,907	11,816,100
TOTAL TOURISM PEI	**12,312,907**	**11,816,100**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	EXPENSES $	ESTIMATES $
FINANCE AND HUMAN RESOURCES		
Executive Office		
Administration	28,843	20,600
Equipment	4,787	1,000
Materials, Supplies & Services	1,489	3,200
Salaries	240,939	240,600
Travel & Training	18,404	26,600
	294,462	292,000
Director's Office - Finance, HR and Operations		
Administration	4,980	13,500
Equipment	1,038	1,100
Materials, Supplies & Services	155	500
Professional & Contract Services	1,541	12,800
Salaries	155,088	242,700
Travel & Training	1,247	4,100
	164,049	274,700
Finance Section		
Administration	12,688	19,300
Equipment	250	1,300
Materials, Supplies & Services	21,409	10,500
Salaries	329,151	377,000
Travel & Training	7,138	4,500
	370,636	412,600
Human Resources Section		
Administration	8,646	4,800
Equipment	3,109	2,700
Materials, Supplies & Services	624	1,100
Professional & Contract Services	-	2,300
Salaries	394,745	409,200
Travel & Training	13,471	11,400
	420,595	431,500
Total Finance and Human Resources	**1,249,742**	**1,410,800**
HIGHWAY SAFETY AND INFORMATION TECHNOLOGY		
Highway Safety Administration		
Administration	98,120	63,400
Equipment	30,251	18,100
Materials, Supplies & Services	24,464	3,000
Professional & Contract Services	114,373	236,400
Salaries	123,234	164,800
Travel & Training	14,710	7,100
	405,152	492,800

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Promotion Highway Safety		
Administration	26,775	9,600
Equipment	773	9,800
Materials, Supplies & Services	14,261	42,400
Professional & Contract Services	660	3,700
Salaries	456,971	478,800
Travel & Training	10,002	29,700
	509,442	574,000
Registration and Licensing		
Administration	7,139	11,600
Equipment	3,202	8,600
Materials, Supplies & Services	96,178	103,900
Professional & Contract Services	30	1,000
Salaries	169,574	165,300
Travel & Training	12,126	5,000
	288,249	295,400
Records		
Salaries	190,206	211,100
	190,206	211,100
Summerside Deputy Registrar's Office		
Salaries	129,747	185,500
Travel & Training	112	1,500
	129,859	187,000
Highway Scales		
Administration	10,338	9,300
Equipment	19,107	25,400
Materials, Supplies & Services	13,800	23,600
Professional & Contract Services	13,406	9,800
Salaries	567,740	505,700
Travel & Training	29,658	22,600
	654,049	596,400
IT Operations		
Administration	4,433	2,000
Equipment	6,488	-
Materials, Supplies & Services	1,268	1,000
Professional & Contract Services	123,163	129,800
Salaries	193,937	280,000
Travel & Training	3,451	1,000
	332,740	413,800
Total Highway Safety and Information Technology	**2,509,697**	**2,770,500**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
LAND AND ENVIRONMENT		
Director's Office		
Administration	197	-
Equipment	188	-
Salaries	78,424	10,300
Travel & Training	650	-
	79,459	10,300
Highway Enhancement		
Administration	90	-
Salaries	417,984	318,600
	418,074	318,600
Environment Management		
Administration	9,471	10,500
Equipment	2,221	3,200
Materials, Supplies & Services	2,402	4,000
Professional & Contract Services	31,441	23,100
Salaries	266,751	398,700
Travel & Training	37,867	42,800
	350,153	482,300
Surveys		
Administration	5,843	4,800
Equipment	11,519	6,100
Materials, Supplies & Services	12,447	5,500
Professional & Contract Services	4,020	30,000
Salaries	383,284	349,200
Travel & Training	20,902	11,100
	438,015	406,700
Properties - Properties		
Administration	102,438	118,400
Equipment	6,104	8,900
Materials, Supplies & Services	10,053	8,500
Professional & Contract Services	33,473	35,700
Salaries	605,108	857,000
Travel & Training	23,833	31,100
	781,009	1,059,600
Properties - Crown Land Management		
Materials, Supplies & Services	1,802	17,600
Professional & Contract Services	28,388	25,200
Travel & Training	75	-
	30,265	42,800
Total Land and Environment	**2,096,975**	**2,320,300**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
HIGHWAY MAINTENANCE OPERATIONS		
Highway Maintenance Administration - Director's Office		
Administration	7,494	23,300
Equipment	-	308,900
Materials, Supplies & Services	14,132	21,000
Professional & Contract Services	34,535	50,000
Salaries	205,453	211,800
Travel & Training	8,249	16,900
Grants		
Slemon Park	75,162	80,600
	345,025	712,500
Highway Maintenance Inventory Control		
Administration	2,531	3,000
Equipment	924	500
Materials, Supplies & Services	753	2,000
Salaries	72,751	86,200
Travel & Training	4,193	9,600
	81,152	101,300
Maintenance Administration - Western Region		
Administration	44,809	47,500
Equipment	3,580	1,200
Materials, Supplies & Services	5,353	2,200
Salaries	495,212	570,000
Travel & Training	-	2,500
	548,954	623,400
Maintenance Administration - Eastern Region		
Administration	61,565	47,700
Equipment	2,317	1,800
Materials, Supplies & Services	30,122	700
Salaries	522,374	537,200
Travel & Training	118,320	70,200
	734,698	657,600
Maintenance Administration - Central Region		
Administration	81,403	66,300
Equipment	1,867	1,500
Materials, Supplies & Services	88	600
Professional & Contract Services	191	-
Salaries	623,759	638,900
Travel & Training	43,923	20,800
	751,231	728,100
Highway Maintenance - Zone Operations - Western Region		
Materials, Supplies & Services	1,562	5,100
Salaries	2,210,568	2,148,400
Travel & Training	47,663	58,600
	2,259,793	2,212,100

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Highway Maintenance - Zone Operations - Eastern Region		
Materials, Supplies & Services	1,989	-
Salaries	2,259,120	2,273,800
Travel & Training	33,409	20,100
	2,294,518	2,293,900
Highway Maintenance - Zone Operations - Central Region		
Materials, Supplies & Services	1,314	-
Salaries	3,771,282	2,866,400
Travel & Training	88,434	80,000
	3,861,030	2,946,400
Summer Maintenance - Western Region		
Administration	181	-
Equipment	20,638	7,200
Materials, Supplies & Services	1,371,945	1,795,000
Professional & Contract Services	196,550	84,300
	1,589,314	1,886,500
Summer Maintenance - Eastern Region		
Administration	321	-
Materials, Supplies & Services	1,213,484	1,573,100
Professional & Contract Services	59,051	49,800
Salaries	1,191	-
	1,274,047	1,622,900
Summer Maintenance - Central Region		
Materials, Supplies & Services	1,944,507	2,163,900
Professional & Contract Services	126,938	148,100
Salaries	227	-
Travel & Training	176	-
	2,071,848	2,312,000
Summer Maintenance - Rails to Trails Maintenance		
Administration	17,283	15,700
Equipment	1,025	800
Materials, Supplies & Services	348,736	252,700
Professional & Contract Services	-	35,000
Salaries	774,549	408,100
Travel & Training	43,490	42,500
	1,185,083	754,800
Winter Maintenance - Western Region		
Materials, Supplies & Services	886,022	1,024,900
Professional & Contract Services	2,933,154	3,029,200
Salaries	469,066	378,900
Travel & Training	240	-
	4,288,482	4,433,000
Winter Maintenance - Eastern Region		
Materials, Supplies & Services	607,492	910,600
Professional & Contract Services	1,441,398	1,489,100
Salaries	352,589	360,000
Travel & Training	3,641	4,000
	2,405,120	2,763,700

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Winter Maintenance - Central Region		
Administration	-	-
Materials, Supplies & Services	1,240,239	1,476,800
Professional & Contract Services	2,393,396	2,177,800
Salaries	604,975	462,100
	4,238,610	4,116,700
Mechanical - Charlottetown Garage - Direct		
Administration	26,578	29,900
Equipment	89	-
Materials, Supplies & Services	1,434,883	1,467,000
Salaries	1,994,928	2,023,900
Travel & Training	6,622	6,100
	3,463,100	3,526,900
Mechanical - Charlottetown Garage - Indirect		
Administration	72,409	71,200
Equipment	23,498	14,400
Materials, Supplies & Services	280,993	237,600
Professional & Contract	34,716	35,400
Salaries	523,467	580,800
Travel & Training	2,701	3,600
	937,784	943,000
Mechanical - Summerside Garage - Direct		
Administration	15,382	18,000
Materials, Supplies & Services	1,171,190	916,900
Professional & Contract	14,481	18,100
Salaries	742,621	744,400
Travel & Training	36,703	28,700
	1,980,377	1,726,100
Mechanical - Summerside Garage - Indirect		
Administration	28,461	31,800
Equipment	9,399	11,000
Materials, Supplies & Services	78,021	65,800
Professional & Contract	59	-
Salaries	87,442	101,200
Travel & Training	3,210	3,800
	206,592	213,600
Mechanical - Operators - Western Region		
Administration	271	2,000
Equipment	860	1,500
Materials, Supplies & Services	11,462	16,800
Salaries	944,836	956,500
Travel & Training	14,520	18,700
	971,949	995,500

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Mechanical - Operators - Central Region		
Administration	2310	3300
Materials, Supplies & Services	59,174	94,100
Professional & Contract	50	-
Salaries	1,861,102	1,946,700
Travel & Training	35,576	46,400
	1,958,212	2,090,500
Mechanical - Operators - Eastern Region		
Administration	1,117	1,200
Materials, Supplies & Services	18,950	32,200
Professional & Contract	90	-
Salaries	922,674	1,012,100
Travel & Training	21,902	21,800
	964,733	1,067,300
Mechanical - Bridgetown Highways Garage		
Administration	34,459	34,900
Equipment	16,010	5,200
Materials, Supplies & Services	643,259	642,800
Professional & Contract Services	9,511	2,600
Salaries	791,471	753,900
Travel & Training	8,108	3,600
	1,502,818	1,443,000
Total Highway Maintenance Operations	**39,914,470**	**40,170,800**
PUBLIC WORKS AND PLANNING		
Public Works Operations - Administration		
Administration	21,750	8,300
Equipment	4,297	400
Materials, Supplies & Services	19,184	222,800
Professional & Contract Services	2,002	25,500
Salaries	603,060	647,300
Travel & Training	44,176	43,200
	694,469	947,500
Public Works Operations Administration - District Heating Plant		
Materials, Supplies & Services	229,487	220,700
Professional & Contract Services	2,157,442	2,215,400
	2,386,929	2,436,100
Building Maintenance Direct-Mona Wilson Building		
Administration	8,970	14,700
Materials, Supplies & Services	15,708	20,900
Professional & Contract Services	9,383	19,000
	34,061	54,600

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Maintenance Direct-Shaw & Sullivan Buildings		
Administration	452,829	482,400
Equipment	1,447	18,000
Materials, Supplies & Services	860,572	858,000
Professional & Contract Services	242,103	280,100
Salaries	1,048,976	1,026,200
Travel & Training	2,566	-
	2,608,493	2,664,700
Building Maintenance Direct-Province House		
Administration	33,024	37,900
Equipment	-	1,000
Materials, Supplies & Services	93,564	110,300
Professional & Contract Services	3,165	7,000
Salaries	39,418	36,100
	169,171	192,300
Building Maintenance Direct-Province House Annex		
Administration	7,433	8,300
Materials, Supplies & Services	24,002	21,200
Professional & Contract Services	12,107	15,500
	43,542	45,000
Building Maintenance Direct-Government House		
Administration	27,465	29,600
Equipment	904	6,300
Materials, Supplies & Services	108,467	98,800
Professional & Contract Services	52,334	40,400
Salaries	262,192	296,800
Travel & Training	3,383	3,500
	454,745	475,400
Building Maintenance Direct-Customs House		
Administration	8,005	9,200
Materials, Supplies & Services	20,828	24,200
Professional & Contract Services	19,181	15,500
	48,014	48,900
Building Maintenance Direct-Portable Classrooms		
Materials, Supplies & Services	658	20,000
Professional & Contract Services	-	10,100
	658	30,100
Building Maintenance Direct-Coles Building		
Administration	39,129	41,600
Materials, Supplies & Services	43,472	35,000
Professional & Contract Services	11,521	22,300
Salaries	40,815	42,800
	134,937	141,700

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Maintenance Direct-Prince County Jail & Courthouse		
Administration	18,743	15,800
Equipment	-	900
Materials, Supplies & Services	67,046	58,200
Professional & Contract Services	14,763	11,800
Salaries	35,013	37,200
	135,565	123,900
Building Maintenance Direct-Summerside Youth Centre		
Administration	79,634	92,000
Materials, Supplies & Services	127,052	138,700
Professional & Contract Services	12,478	21,400
Salaries	54,917	40,300
Travel & Training	284	-
	274,365	292,400
Building Maintenance Direct-Provincial Correctional Centre		
Administration	22,913	27,000
Equipment	-	900
Materials, Supplies & Services	222,621	188,800
Professional & Contract Services	18,449	17,200
Salaries	-	40,300
	263,983	274,200
Building Maintenance Direct-Montague Office Complex		
Administration	7,471	8,200
Materials, Supplies & Services	42,889	46,200
Professional & Contract Services	40,059	36,400
	90,419	90,800
Building Maintenance Direct-Southern Kings		
Administration	4,831	5,700
Materials, Supplies & Services	34,262	45,200
Professional & Contract Services	39,519	33,100
	78,612	84,000
Building Maintenance Direct-West Prince RSC		
Administration	7,342	8,700
Materials, Supplies & Services	36,705	31,700
Professional & Contract Services	22,248	20,800
Travel & Training	199	-
	66,494	61,200
Building Maintenance Direct-Small Buildings		
Administration	48,591	53,200
Equipment	-	900
Materials, Supplies & Services	464,237	587,300
Professional & Contract Services	90,450	118,800
Salaries	114,993	63,400
Travel & Training	4,516	1,800
	722,787	825,400

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Maintenance Direct-Highways Materials Testing Lab		
Administration	2,166	3,200
Equipment	404	-
Materials, Supplies & Services	25,278	46,500
Professional & Contract Services	7,363	10,500
Salaries	22,086	-
Travel & Training	544	-
	57,841	60,200
Building Maintenance Direct-Brighton Road Office Complex		
Administration	335	25,600
Materials, Supplies & Services	26,750	33,100
Professional & Contract Services	22,635	31,000
	49,720	89,700
Building Maintenance Direct-Holland College - Royalty		
Administration	107,481	226,700
Materials, Supplies & Services	194,985	140,000
	302,466	366,700
Building Maintenance Direct-North Cape Wind Site		
Materials, Supplies & Services	116,586	131,300
	116,586	131,300
Building Accommodations - Small Lease Accommodations		
Administration	434,678	413,100
Materials, Supplies & Services	14,907	18,800
Professional & Contract Services	9,711	8,400
	459,296	440,300
Building Accommodations - Evangeline RSC		
Administration	60,895	61,000
Materials, Supplies & Services	3,542	4,000
	64,437	65,000
Building Accommodations-Johnny Ross Young RSC		
Administration	228,841	197,800
Materials, Supplies & Services	1,125	5,000
Professional & Contract Services	1,227	2,000
	231,193	204,800
Building Accommodations-Research Station		
Administration	287,447	270,200
Materials, Supplies & Services	200	-
	287,647	270,200
Building Accommodations - Queens Region Health Authority		
Administration	428,420	400,800
Materials, Supplies & Services	862	-
	429,282	400,800
Building Accommodations - Health Agency		
Administration	507,660	466,000
Materials, Supplies & Services	612	5,000
	508,272	471,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Accommodations-Provincial Library Morell		
Administration	181,370	183,100
Materials, Supplies & Services	-	1,000
Professional & Contract Services	261	3,500
	181,631	187,600
Building Accommodations - St. Paul's Rectory		
Administration	28,142	25,200
Materials, Supplies & Services	9,127	9,700
Professional & Contract Services	6,428	7,500
	43,697	42,400
Building Accommodations - Albert Thomas Building		
Administration	59,060	59,200
Materials, Supplies & Services	20,543	22,400
Professional & Contract Services	6,552	7,500
	86,155	89,100
Building Accommodations - Sherwood Fire Hall		
Administration	97,982	111,000
Materials, Supplies & Services	7,482	7,000
Professional & Contract Services	3,228	8,900
Salaries	38,185	33,900
	146,877	160,800
Building Accommodations - Concorde Building		
Administration	205,211	153,200
Materials, Supplies & Services	-	2,000
	205,211	155,200
Building Accommodations - Davies Law Court		
Administration	582,399	654,000
Materials, Supplies & Services	151,117	195,000
Professional & Contract Services	206,781	220,800
	940,297	1,069,800
Building Accommodations - Highway Safety Office		
Administration	179,226	163,000
Materials, Supplies & Services	1,016	2,000
	180,242	165,000
Building Accommodations - Stonehouse VIC		
Administration	52,062	48,500
Materials, Supplies & Services	10,474	11,300
Professional & Contract Services	3,240	11,700
Salaries	16,653	-
	82,429	71,500
Building Accommodations - Fisheries Warehouse		
Administration	40,575	39,600
Materials, Supplies & Services	11,370	11,600
Professional & Contract Services	906	300
	52,851	51,500

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Accommodations - Georgetown Office Accommodations		
Administration	47,330	48,000
Materials, Supplies & Services	11,015	2,000
Professional & Contract Services	155	-
	58,500	50,000
Building Accommodations - Kelly Building - Courthouse		
Administration	234,829	282,000
Materials, Supplies & Services	582	20,000
	235,411	302,000
Building Accommodations - Access PEI - Summerside		
Administration	597,614	554,000
Materials, Supplies & Services	30,117	17,200
	627,731	571,200
Building Accommodations - Queens County Sheriff's Office		
Administration	36,762	60,000
Materials, Supplies & Services	1,247	1,500
Professional & Contract Services	-	1,500
	38,009	63,000
SRDC 109 Water Street		
Administration	183,024	200,000
Materials, Supplies & Services	310	-
	183,334	200,000
Building Accommodations - Confederation Centre & Libraries		
Administration	126,000	126,000
Professional & Contract Services	-	-
	126,000	126,000
Building Accommodations - Gateway Village Village VIC		
Administration	51,180	51,200
	51,180	51,200
Building Accommodations - Confederation Court Leases		
Administration	47,922	56,200
	47,922	56,200
Building Accommodations - Breckan-Yates Building		
Administration	12,770	-
Materials, Supplies & Services	30	-
	12,800	-
Directors Office		
Administration	9,704	8,600
Equipment	912	2,500
Materials, Supplies & Services	3,857	5,600
Professional & Contract Services	97,763	266,000
Salaries	215,647	289,900
Travel & Training	6,160	12,900
	334,043	585,500

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Planning and Design		
Administration	2,742	6,700
Equipment	625	2,300
Materials, Supplies & Services	676	7,400
Salaries	162,360	199,300
Travel & Training	12,326	9,800
	178,729	225,500
Building Construction		
Administration	4,593	4,800
Equipment	-	1,000
Materials, Supplies & Services	613	2,000
Salaries	202,723	248,100
Travel & Training	17,205	23,200
	225,134	279,100
Building Design		
Administration	3,009	5,600
Equipment	683	800
Materials, Supplies & Services	-	1,000
Professional & Contract Services	-	2,100
Salaries	236,370	292,900
Travel & Training	11,615	9,900
	251,677	312,300
Total Public Works and Planning	**15,003,844**	**16,103,100**
CAPITAL PROJECT DIVISION		
Traffic Operations - Western Region		
Administration	1,884	4,900
Equipment	52	1,400
Materials, Supplies & Services	241,887	247,300
Professional & Contract Services	2,573	2,200
Salaries	338,275	317,700
Travel & Training	15,192	12,400
	599,863	585,900
Traffic Operations - Central Region		
Administration	5,943	1,900
Equipment	2,652	5,100
Materials, Supplies & Services	943,734	514,800
Professional & Contract Services	12,940	8,200
Salaries	556,699	461,900
Travel & Training	19,547	17,300
	1,541,515	1,009,200
Traffic Operations - Eastern Region		
Administration	4,410	4,700
Equipment	486	2,700
Materials, Supplies & Services	200,267	216,600
Professional & Contract Services	2,724	40,800
Salaries	224,371	262,100
Travel & Training	15,236	14,700
	447,494	541,600

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Traffic Operations - Sign Shop		
Administration	8,616	2,400
Equipment	2,054	600
Materials, Supplies & Services	110,523	83,100
Professional & Contract Services	3,424	5,100
Salaries	137,031	147,000
Travel & Training	681	1,000
	262,329	239,200
Chief Engineer's Office		
Administration	25,408	24,000
Equipment	3,172	3,700
Materials, Supplies & Services	28,688	16,000
Professional & Contract Services	123,816	75,000
Salaries	197,808	184,700
Travel & Training	6,479	12,800
	385,371	316,200
Western Region		
Administration	39,365	29,200
Equipment	20,359	20,200
Materials, Supplies & Services	13,193	24,600
Professional & Contract Services	13,076	3,000
Salaries	843,004	968,000
Travel & Training	50,314	56,700
	979,311	1,101,700
Central Region		
Administration	15,041	23,100
Equipment	5,079	7,900
Materials, Supplies & Services	13,428	22,300
Professional & Contract Services	350	1,000
Salaries	640,619	871,200
Travel & Training	23,552	32,200
	698,069	957,700
Eastern Region		
Administration	12,163	23,800
Equipment	4,252	18,300
Materials, Supplies & Services	8,749	20,900
Professional & Contract Services	-	3,000
Salaries	706,637	967,200
Travel & Training	37,814	62,500
	769,615	1,095,700
Special Projects - Capital		
Administration	993	3,400
Equipment	-	2,200
Materials, Supplies & Services	-	3,400
Professional & Contract Services	-	1,000
Salaries	73,989	76,500
Travel & Training	1,214	18,400
	76,196	104,900

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Engineering Services - Operations		
Administration	7,741	7,800
Equipment	8,999	30,300
Materials, Supplies & Services	11,567	11,000
Professional & Contract Services	-	20,000
Salaries	134,261	296,400
Travel & Training	11,969	19,100
	174,537	384,600
Highway Design		
Administration	5,358	3,800
Equipment	13,145	22,600
Materials, Supplies & Services	11,178	8,900
Professional & Contract Services	30,887	22,200
Salaries	255,295	268,400
Travel & Training	11,144	11,200
	327,007	337,100
Materials Testing Lab		
Administration	27,047	20,900
Equipment	21,806	12,700
Materials, Supplies & Services	21,183	27,300
Professional & Contract Services	-	2,500
Salaries	915,567	1,089,900
Travel & Training	52,736	47,200
	1,038,339	1,200,500
Pavement Management		
Administration	4,457	5,900
Equipment	1,062	1,600
Materials, Supplies & Services	19,064	28,800
Professional & Contract Services	3,107	6,000
Salaries	202,509	215,200
Travel & Training	13,566	17,300
	243,765	274,800
Bridge Maintenance - Operations		
Administration	7,162	7,500
Equipment	172	-
Materials, Supplies & Services	273,225	151,400
Professional & Contract Services	59,143	70,500
Salaries	424,584	535,100
Travel & Training	28,512	30,000
	792,798	794,500
Total Capital Project Division	**8,336,209**	**8,943,600**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
PROVINCIAL WASTE MANAGEMENT		
Administration	-	1,900
Materials, Supplies & Services	113	15,800
Professional & Contract Services	445,196	610,000
Salaries	48,292	48,400
Grants		
Island Waste Management Corporation	6,582,600	-
Total Provincial Waste Management	**7,076,201**	**676,100**
CAPITAL		
Bridges	597,181	-
Culverts	516,660	400,000
Prince County Hospital Demolition	431,577	-
Provincial Paving	5,366,764	5,500,000
Reconstruction	1,201,609	-
Highways Equipment	80,199	-
Building	185,451	-
Shaw Building Renovations	218,347	-
Total Capital	**8,597,788**	**5,900,000**
TOTAL TRANSPORTATION AND PUBLIC WORKS	**84,784,926**	**78,295,200**

INTERMINISTERIAL WOMEN'S SECRETARIAT

	EXPENSES $	ESTIMATES $
INTERMINISTERIAL WOMEN'S SECRETARIAT		
Administration	2,738	1,800
Equipment	250	-
Materials, Supplies and Services	2,792	500
Professional & Contract Services	3,700	14,300
Salaries	122,456	124,200
Travel	4,976	3,200
Grants		
Advisory Council on the Status of Women	147,600	147,600
Women's Network	8,760	8,500
Interministerial W Secretariat TOTAL	**293,272**	**300,100**

INTEREST CHARGES ON DEBT

	EXPENDITURES $	ESTIMATES $
INTEREST		
Debt	100,915,517	106,035,000
Total Interest	**100,915,517**	**106,035,000**
AMORTIZATION OF DEBENTURE DISCOUNT		
Debt	1,171,620	600,000
Total Amortization of Debenture Discount	**1,171,620**	**600,000**
TOTAL INTEREST CHARGES ON DEBT	**102,087,137**	**106,635,000**

Details

Of

Capital Revenues
With Estimates

For the Year Ended March 31, 2005

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	REVENUE $		ESTIMATES $
GOVERNMENT OF CANADA			
Strategic Highway infrastucture Program	1,419,060		1,500,000
Total Government of Canada	**1,419,060**	*	**1,500,000**
LAND SALES	**178,928**		**250,000**
TOTAL CAPITAL REVENUES	**1,597,988**		**1,750,000**

* Federal revenue is deducted from the cost of tangible capital assets.

Details

Of

Capital Expenditures With Estimates

For the Year Ended March 31, 2005

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	EXPENDITURES $	ESTIMATES $	
HIGHWAYS			
Bridges	1,710,111	1,200,000	
Highway Reconstruction	10,909,990	15,420,000	
Highway Equipment (Vehicles)	612,355	750,000	
Total Highways	**13,232,456**	**17,370,000**	
BUILDINGS			
Capital Repairs Various Buildings	298,232	665,000	*
Prince County Highways Depot	131,707	160,000	
Old Prince County Hospital Demolition		525,000	*
Total Buildings	**429,939**	**1,350,000**	
OTHER			
Land Purchase	1,682,589	250,000	
Vehicle Purchases	459,838	-	**
Equipment Purchases-Management Information Systems	611,849	-	**
Provincial Parks - Waste/Water Treatment Facilities	1,463,679	1,380,000	
Total Other	**4,217,955**	**1,630,000**	
TOTAL CAPITAL EXPENDITURES	**17,880,350**	**20,350,000**	

* Actual expenditures did not meet capital assets criteria and are included in Transportation and Public Works Program Expenses.

** Budget included in various Departmental Program Expenses.

Province of
Prince Edward Island

Agencies, Boards, and Crown Corporations

Financial Statements

For the Year Ended March 31, 2005

The Charlottetown Area Development Corporation

Consolidated Financial Statements
March 31, 2005

The Charlottetown Area Development Corporation

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ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
90 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074

June 1, 2005

Auditors' Report

To the Board of Directors of
The Charlottetown Area Development Corporation

We have audited the consolidated balance sheet of **The Charlottetown Area Development Corporation** as at March 31, 2005 and the consolidated statements of earnings, deficit and appropriated reserve and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

The Charlottetown Area Development Corporation

Consolidated Balance Sheet

As at March 31, 2005

	2005 $	2004 $
Assets (note 7)		
Cash and cash equivalents (notes 6 and 10)	1,688,455	1,480,470
Accounts receivable and accrued interest (note 6)	170,146	832,011
Mortgages receivable (note 2)	9,786,634	10,269,979
Deferred charges, less accumulated amortization of $110,470 (2004 – $55,209)	56,710	111,971
Property and equipment (note 3)	11,995,301	12,377,659
Investment in leases (note 4)	10,379,387	10,690,802
Properties for development (note 5)	2,127,094	2,127,094
	36,203,727	37,889,986
Liabilities		
Accounts payable and accrued liabilities (note 6)	1,370,178	1,686,067
Deferred revenue	128,771	41,300
Long-term debt (note 7)	30,371,822	31,462,195
Deferred credits (note 8)	407,407	423,355
	32,278,178	33,612,917
Contingent liability (note 9)		
Shareholders' Equity		
Capital stock		
Authorized 5,000 common shares of the par value of $1 each		
Issued 2,500 shares	2,500	2,500
Contributed surplus	4,526,706	4,526,706
	4,529,206	4,529,206
Deficit	(603,657)	(252,137)
	3,925,549	4,277,069
	36,203,727	37,889,986

Approved by the Board of Directors

_______________________ Director _______________________ Director

The Charlottetown Area Development Corporation

Consolidated Statement of Deficit and Appropriated Reserve

For the year ended March 31, 2005

	2005 $	2004 $
Deficit – Beginning of year	(252,137)	(70,714)
Net loss for the year	(351,520)	(475,030)
Transfer from appropriated surplus	-	293,607
Deficit – End of year	(603,657)	(252,137)

Appropriated reserve

Balance – Beginning of year	-	293,607
Transfer to deficit (note 11)	-	(293,607)
Balance – End of year	-	-

The Charlottetown Area Development Corporation

Consolidated Statement of Earnings

For the year ended March 31, 2005

	2005 $	2004 $
Revenue		
Rentals	2,167,866	2,104,888
Interest	610,902	657,056
Interest on investment in leases	696,732	718,001
Parking lot	70,087	85,049
Operating (Schedule 1)	147,679	168,717
Portal grants	82,000	-
Founders' Hall	170,306	199,842
	3,945,572	3,933,553
Expenses		
Operating (Schedule 1)	579,925	514,027
Founders' Hall (Schedule 2)	244,693	258,115
Interest on long-term debt (note 11)	1,874,786	1,936,714
Wages and benefits	5,763	8,263
Portal	73,395	-
Fuel	178,559	156,624
Heating system	42,470	35,311
Insurance	34,980	35,185
Common area	26,117	51,761
Property taxes	408,757	417,944
Utilities	150,408	150,920
Repairs and maintenance	243,111	192,611
Cleaning	70,459	66,335
Snow removal	6,350	7,925
Professional fees	5,426	7,751
Parking lot	26,118	24,931
Miscellaneous	1,542	689
	3,972,859	3,865,106
Operating income (loss) before amortization	(27,287)	68,447
Amortization	288,008	362,475
Operating loss	(315,295)	(294,028)
Other expense (Schedule 2)	(36,225)	(181,002)
Net loss for the year	(351,520)	(475,030)

The Charlottetown Area Development Corporation

Consolidated Statement of Cash Flows

For the year ended March 31, 2005

	2005 $	2004 $
Cash provided by (used in)		
Operating activities		
Net loss for the year	(351,520)	(475,030)
Items not affecting cash		
Amortization of property and equipment	382,358	461,430
Amortization of deferred financing costs and deferred credits (net)	39,313	39,259
Loss on sale of property and equipment	-	135,000
	70,151	160,659
Net change in non-cash working capital items		
– decrease (increase) in accounts receivable and accrued interest	661,865	(454,796)
– increase (decrease) in accounts payable and accrued liabilities	(315,889)	510,881
	416,127	216,744
Financing activities		
Decrease in lease receivable	-	46,171
Repayment of long-term debt	(1,090,373)	(1,025,878)
Decrease in mortgages receivable	483,345	454,389
Increase in deferred revenue	87,471	41,300
Increase in deferred charges	-	(17,180)
	(519,557)	(501,198)
Investing activities		
Principal received on investment in lease	311,415	106,322
Purchase of property and equipment	-	(313,692)
Proceeds on properties for development	-	85,000
	311,415	(122,370)
Change in cash and cash equivalents	207,985	(406,824)
Cash and cash equivalents – Beginning of year	1,480,470	1,887,294
Cash and cash equivalents – End of year	1,688,455	1,480,470
Supplementary disclosure		
Interest received	1,552,188	1,626,866
Interest paid	1,943,073	2,013,685

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2005

1 Summary of significant accounting policies

General

These financial statements include the operations of the Charlottetown Area Development Corporation and its wholly-owned subsidiaries, Harbourside Complex Limited and The Charlottetown Waterfront Development Corporation.

Mortgages receivable

The mortgages receivable are recorded at cost.

Deferred charges

Prepayment penalties related to the refinancing of debt are recorded as deferred charges. The deferred charges are amortized over the period from April 2003 to May 2006, corresponding to the period for which the prepayment penalty was incurred.

Property and equipment and amortization

It is the Corporation's policy to expense small items of furniture and equipment.

Amortization of property and equipment are calculated using the straight-line and declining balance method at the following annual rates:

	%
Land improvements	2.5 SL
Buildings	2.5 SL
Equipment	20 DB
Automotive	30 DB
Computer	30 DB

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Properties held for development

Land Assembly

The land assembly is recorded at cost.

CN Lands

The purchase of the CN lands was initially recorded at cost. Prior to the 2004 year, the asset was being reduced by the proceeds from the sale of the property held for development, as it was management's opinion that the company would not generate any gain or loss on the financing and sale of this property.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2005

> An independent appraisal completed in the 2003 year valued the land for resale at an amount equal to the carrying value. In 2004, one of the remaining parcels of land sold realized thirty-eight percent of its appraised value. As a result of this substantial loss and the unlikely possibility of recovering the loss on the remaining sales, the loss has been recognized versus reducing the carrying value of the land by the proceeds received.

The remaining parcels are carried at cost.

Government assistance and capital donations

Grants relating to general operations are recorded as revenue in the period in which they are received. Grants relating to the delivery of specific programs are recorded as revenue in the period in which the related expenditures are made.

Government contributions relating to capital property are recorded as deferred credits. The deferred credits are being amortized on the same basis as the related property and equipment are being amortized or written off.

Management fee – leasing

The Corporation charges management fees based on market rates for financing and administering rental operations and the City's three parkades.

Provision for possible losses

Any provision for possible losses is recorded in the statement of earnings. The provision for possible losses is based on historical trends and management's judgement and is maintained at a level considered to be adequate to absorb potential losses.

Provisions are recorded for specific investments to reduce their book value to an amount expected to be recovered from the investments in the event of an impairment in value. A variety of methods are used to determine the amount expected to be recovered from impaired investments including estimated future cash flows, estimated fair value of the underlying security and value of any collateral security taken.

No provision for possible losses has been recorded at March 31, 2005 (2004 – nil).

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2005

Fair value of financial instruments

The company has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Mortgages receivable

	2005 $	2004 $
5.851% mortgage, due May 2013, receivable in monthly instalments of $83,094 including principal and interest	9,173,243	9,625,608
7.25% mortgage, due May 2007, receivable in monthly instalments of $6,390 including principal and interest	613,391	644,371
	9,786,634	10,269,979

The following have been pledged as security for the mortgages:

- First fixed and floating charge mortgage and debenture on the property, chattels and equipment of Dyne Holdings Limited;
- Assignment of Dyne Holdings Limited leases, rents and insurance proceeds;
- First fixed and floating charge mortgage on the property, chattels and equipment of Kent Realty Limited;
- Assignment of Kent Realty Limited leases, rents and insurance proceeds;
- A guarantee by Dyne Holdings Limited of the Kent Realty Limited mortgage.

3 Property and equipment

	2005			2004
	Cost $	Accumulated amortization $	Net $	Net $
Harbourside	11,724,350	4,285,993	7,438,357	7,660,206
Founders' Hall	3,692,721	451,269	3,241,452	3,364,154
Peakes Wharf	1,596,298	610,270	986,028	1,015,873
Visitor Information Centre	393,425	65,544	327,881	335,163
Automotive	19,225	17,642	1,583	2,263
	17,426,019	5,430,718	11,995,301	12,377,659

Included in property and equipment costs is land in the amount of $1,009,836 in Harbourside, $296,599 in Founders' Hall, $130,975 in Peakes Wharf and $102,123 in Visitor Information Centre. The balance of the assets are buildings, land improvements, computer and equipment.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2005

4 Investment in leases

	2005 $	2004 $
Total minimum lease payments due October 1, 2019, receivable in monthly instalments of $31,611, including principal and interest	5,617,206	5,911,160
Less: Portion representing interest at 6.64%	2,079,477	2,234,073
	3,537,729	3,677,087
Total minimum lease payments due December 1, 2022, receivable in monthly instalments of $54,386, including principal and interest	11,584,218	12,236,850
Less: Portion representing interest at 5.81%	4,742,560	5,223,135
	6,841,658	7,013,715
	10,379,387	10,690,802

5 Properties held for development

	2005 $	2004 $
Land assembly		
Bruce Stewart	195,367	195,367
Paoli	43,662	43,662
Jaro Holdings	20,888	20,888
CN Car Shop	77,544	77,544
Fisheries and Oceans	65,000	65,000
Other	9,797	9,797
	412,258	412,258
CN Lands	1,714,836	1,714,836
	2,127,094	2,127,094

6 Virtual Charlottetown – Town Square^2 Project and Administered Funds

The Corporation carried out the Virtual Charlottetown – Town Square^2 Project (the Project). The project was comprised of twenty-eight major activities, that ended in the 2004 year.

CADC was responsible for and is the beneficial owner of the Project. The costs and related revenues of these activities were reported in schedule two as Infrastructure and Organization revenue and expenses for activity one and project expenses for activities twenty-six, twenty-seven and twenty-eight.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2005

Included in the accounts of CADC are the following balances related to the project:

	2005 $	2004 $
Cash	-	83,113
Accounts receivable	-	350,890
Accounts payable	-	(390,776)
Net	-	43,227
Revenue – Virtual Charlottetown – Town Square[2]	-	674,627
Expenses – Virtual Charlottetown – Town Square[2]	-	674,627

CADC had administered the following revenues and expenditures relating to project two through twenty-five that are not reflected in the statement of operations since these are administered funds and not CADC revenues and expenditures.

	2005 $	2004 $
Revenue	-	1,106,559
Expenditures	-	1,149,786
Included in accounts payable	-	(43,277)

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements
March 31, 2005

7 Long-term debt

	2005 $	2004 $
Debentures		
6.13% debenture, due November 1, 2014, repayable in monthly instalments of $6,807 including principal and interest	594,668	638,434
5.781% debenture, due May 2013, repayable in monthly instalments of $83,094 including principal and interest	9,173,243	9,625,608
6.64% debenture, due October 1, 2019, repayable in monthly instalments of $31,610 including principal and interest	3,537,729	3,677,087
6.25% debenture, due March 2007, repayable in monthly instalments of $6,002 including principal and interest	606,972	639,933
	13,912,612	14,581,062
Mortgages payable		
6.23% mortgage, due November 30, 2012, repayable in monthly instalments of $54,386, including principal and interest	7,039,903	7,252,283
5.64% mortgage, due March 1, 2023, repayable in monthly instalments of $49,491, including principal and interest	6,741,307	6,950,850
Note payable		
6.82% note payable, due August 2009, principal and interest repayable upon sale of the assets pledged as security	2,678,000	2,678,000
	30,371,822	31,462,195

Security on debentures

- The 6.13%, 6.64% and 6.25% debentures are unsecured. These loans are payable to the majority shareholder.

- The 5.781% debenture is guaranteed by the Province of Prince Edward Island.

Security on mortgages

A first mortgage, a general security agreement providing a first fixed and floating charge over all assets, a specific assignment of cash flows, an assignment of insurance all on the Fitzroy Parkade and a guarantee of the City of Charlottetown have been pledged as security for the 6.23% mortgage.

A general security agreement with The Charlottetown Area Development Corporation, a first charge on all properties including Harbourside Project, Visitor Information Centre, Founders Hall and Peakes Wharf, assignment of leases and rents, and an assignment of fire insurance, have been pledged as security for the 5.64% mortgage.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2005

Security on note payable

The following parcels of land included in property held for development have been pledged as security for the 6.82% note payable:

- P.I.D. #825927
- P.I.D. #825935
- P.I.D. #841494
- P.I.D. #841536
- P.I.D. #841510

The net aggregate amount of principal payments required in each of the next five years to meet retirement provisions for the debentures, mortgages and note payable is as follows:

	$
Year ending March 31, 2006	1,123,346
2007	1,191,987
2008	1,262,550
2009	1,342,016
2010	1,422,065

8 Deferred credits

			2005	2004
	Cost $	Accumulated Amortization $	Net $	Net $
Peakes Wharf	638,037	230,630	407,407	423,355

9 Contingent liability

The Corporation has been named as a co-defendant in a claim made by a local businessman. It is management's feeling that a liability, if any, is undeterminable at this time and no provision has been made in the accounts for future possible losses.

10 Commitment

The Corporation holds cash of $125,849 (2004 – $123,227), disclosed on the balance sheet, in trust for third parties. The cash and liability are netted on the balance sheet. The deposits are being administered as part of requirements on loans owned by the Corporation and for security deposits for tenants.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2005

11 Related party transactions

Included in accounts receivable and accrued interest and accounts payable and accrued liabilities are the following amounts due to and from related parties:

	2005 $	2004 $
Accounts receivable		
Due from Province of Prince Edward Island	22,499	23,749
Due from City of Charlottetown	48,623	47,702
Accounts payable		
Due to the City of Charlottetown	22,404	16,051
Due to Province of Prince Edward Island	108,945	76,488

The 6.13%, 6.64% and 6.25% debentures and the 6.82% note payable are due to the Province of Prince Edward Island. The company expensed $499,474 (2004 – $512,908) in interest on this debt during the year.

During the year, the Corporation received portal grants of $70,000 from the City of Charlottetown.

The Province of Prince Edward Island is a majority shareholder of The Charlottetown Area Development Corporation and the City of Charlottetown is a minority shareholder.

12 Corporation status

The Corporation and all of its subsidiaries are non-taxable entities under the provisions of the Income Tax Act.

The stated purpose of the Corporation is to act as the central agency to foster and promote economic development for the City of Charlottetown.

The Charlottetown Area Development Corporation

Consolidated Schedule of Operating Revenue and Operating Expenses

For the year ended March 31, 2005 **Schedule 1**

	2005 $	2004 $
Revenue		
Management fee – leasing	83,312	106,410
Miscellaneous	64,367	62,307
	147,679	168,717
Expenses		
Wages and benefits	363,445	350,776
Professional fees	86,759	28,338
Directors' fees	40,949	42,000
Directors' meetings	2,416	2,239
Excess expense from rental properties	5,421	13,638
Office operations and sundry	30,136	33,068
Interest and bank charges	3,830	6,664
Telephone	12,257	10,236
Insurance	13,084	12,571
Travel	3,648	2,267
Concept planning	17,980	12,230
	579,925	514,027

The Charlottetown Area Development Corporation

Consolidated Schedule of Founders' Hall Expenses and Other Income (Expense)

For the year ended March 31, 2005 **Schedule 2**

	2005 $	2004 $
Founders' Hall		
Expenses		
Fuel	24,878	22,950
Heating system	3,941	3,805
Insurance	3,228	3,324
Wages and benefits	16,556	18,441
Property taxes	55,486	54,696
Water	977	1,170
Repairs and maintenance	4,141	7,964
Telephone	455	501
Electricity	12,013	17,010
Supplies and miscellaneous	316	439
Amortization	122,702	127,815
	244,693	258,115
Other income (expense)		
Capital Commission – operating grant	(36,225)	(36,915)
Virtual Charlottetown – Town Square² Project (note 6)		
– Infrastructure & Organization revenue	-	674,627
– Infrastructure & Organization expense	-	(674,627)
– Project expenses	-	(56,209)
– Subscription	-	(2,700)
Expense recovery – Virtual Charlottetown – Town Square²	-	49,822
Loss on sale of property and equipment	-	(135,000)
	(36,225)	(181,002)

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East Prince Health

Financial Statements

March 31, 2005

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of
East Prince Health

We have audited the balance sheet of **East Prince Health** at March 31, 2005 and the statements of revenue and expenses, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting recommendations.

Grant Thornton LLP

Summerside, Prince Edward Island
June 6, 2005

Grant Thornton LLP
Chartered Accountants

220 Water Street, 2nd Floor
PO Box 1660
Summerside, Prince Edward Island
C1N 2V5
T (902) 436-9155
F (902) 436-6913
E Summerside@GrantThornton.ca
W www.GrantThornton.ca

East Prince Health
Statement of Revenue and Expenses

Year Ended March 31	2005	2004
Revenue		
Department of Health and Social Services	**$ 36,720,574**	$ 35,773,900
Patient/client fees	**249,171**	221,153
Special projects and other (Note 8)	**87,911**	110,292
	37,057,656	36,105,345
Expenses		
Child & Family services	**14,661,162**	13,564,643
Long term care	**11,752,837**	11,739,116
Hospital services	**2,243,574**	2,089,000
Home Care	**2,225,425**	1,923,482
Housing services	**1,433,013**	1,718,639
Addiction services	**1,312,188**	1,583,714
Public Health	**1,077,206**	1,074,038
Community Development (Note 9)	**853,879**	870,021
Mental Health	**1,015,862**	865,558
Job Creation Program	**192,521**	353,342
Community Health Center	**289,989**	323,654
Interest on long term debt	**-**	138
	37,057,656	36,105,345
Excess of expenses over revenues	**$ -**	$ -

See accompanying notes to the financial statements.

East Prince Health
Balance Sheet

March 31	2005	2004
Assets		
Current		
Cash - unrestricted	**$ 87,011**	$ 819,654
Cash - restricted (Note 5)	**29,687**	28,440
Receivables (Note 6)	**4,651,388**	4,268,561
Prepaid expenses	**163,634**	103,573
	$ 4,931,720	$ 5,220,228
Liabilities		
Current		
Payables and accruals (Note 7)	**$ 3,584,871**	$ 3,852,882
Accrued retirement allowance (Note 11)	**1,317,162**	1,338,906
Funds held in trust	**29,687**	28,440
	$ 4,931,720	$ 5,220,228

Commitments (Note 10)

On behalf of the Board

____________________ Board Member ____________________ Board Member

See accompanying notes to the financial statements.

East Prince Health
Statement of Cash Flows

Year Ended March 31	2005	2004
Increase (decrease) in cash and cash equivalents		
Operations		
Changes in		
Accounts receivable	$ (382,827)	$ 3,274,271
Prepaid expenses	(60,061)	35,877
Payables and accruals	(289,755)	(3,793,999)
	(732,643)	(483,851)
Financing		
Repayment of long term debt	-	(120,154)
Investing		
Proceeds from expiration of bond	-	323,784
Net decrease in cash and cash equivalents	(732,643)	(280,221)
Cash and cash equivalents, beginning of year	819,654	1,099,875
Cash and cash equivalents, end of year	$ 87,011	$ 819,654

See accompanying notes to the financial statements.

East Prince Health
Statement of Tangible Capital Assets

Year Ended March 31

	Land	Buildings	Equipment	2005 Total	2004 Total
Cost of Tangible Capital Assets					
Opening cost	$ 5,526	$ 901,274	$ 2,393,758	**$ 3,300,558**	$ 21,579,351
Additions	-	-	234,913	**234,913**	1,104,083
Transfer to PHSA	-	-	-	-	(19,382,876)
Closing cost	5,526	901,274	2,628,671	**3,535,471**	3,300,558
Accumulated Depreciation					
Opening balance	-	303,352	657,229	**960,581**	11,885,687
Add: depreciation	-	29,896	123,050	**152,946**	147,063
Less: transfer to PHSA	-		-	-	(11,072,169)
Closing balance	-	333,248	780,279	**1,113,527**	960,581
Net Carrying Amount of Tangible Capital Assets	$ 5,526	$ 568,026	$ 1,848,392	**$ 2,421,944**	$ 2,339,977

See accompanying notes to the financial statements.

East Prince Health
Notes to the Financial Statements
March 31, 2005

1. Nature of operations

East Prince Health Region, a non-profit organization, operates as "East Prince Health" under the authority of the Health and Community Services Act, Part III (the "Act").

The core services managed by East Prince Health on behalf of residents of East Prince and the Province of P.E.I. are:

Program/Service

Child and Family Services
Home Care
Housing
Community Mental Health
Prince County Addiction Services
Job Creation Program
Public Health Nursing
Stewart Memorial Hospital
Summerset Manor
Wedgewood Manor
Community Development

2. Subsequent events

The April 7, 2005 Provincial budget included the announcement of the dissolution of all the Health Regions with their operation combined into one of either the Department of Health or the Department of Social Services and Seniors. At the time of statement preparation, there is no confirmed schedule for these transfers to take place.

To facilitate the above dissolution of the Health Regions, the Provincial Government has also announced a Workforce Renewal Program. This involves a Voluntary Retirement Plan and a Voluntary Severance Plan. Several front-line staff and some managers have decided to leave their posts in East Prince Health Region on or before June 30, 2005.

3. Change in accounting policy

During the year, the Region changed its method of reporting future retirement allowances within the Recommendation in Section PS 3255 of the CICA Handbook.

As a result, the March 31, 2004 figures, presented for comparative purposes have been restated from those previously reported. Accrued retirement allowances have increased to $1,338,906 and the receivable from the Department of Health and Social Services has been increased by the same amount.

East Prince Health
Notes to the Financial Statements
March 31, 2005

4. Summary of significant accounting policies

Basis of accounting

East Prince Health follows the accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Revenue recognition

East Prince Health follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial support overpayments

Financial support overpayments are recorded as receivable when identified with a full provision as a doubtful account. Recoveries of financial support overpayments are credited to financial support expenditures when received.

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the declining balance method at the annual rate of 5% for buildings and 6.25% for equipment.

Tangible capital assets are expensed as a component of program costs in the year of acquisition. During the year, capital asset purchases of $234,913 (2004 - $1,104,083) were expensed. The Region received designated funding for capital purchases in the amount of $102,000 (2004 - $183,069) during the year.

Vacation pay and retirement allowances

Vacation pay is recorded as a liability when earned.

Retirement allowances is actuarially determined based on assumptions and calculations provided by the Province of Prince Edward Island.

East Prince Health
Notes to the Financial Statements
March 31, 2005

4. Summary of significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

Sick leave obligation

Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for the Region to settle these amounts with cash payments. Consequently, no liability has been calculated by the organization and, therefore, no accrual has been recorded in these financial statements.

Pension plans

Employees of the Region belong to different pension plans according to their historical workplace. New employees to the Region are part of the uniform pension plan for employees of all Prince Edward Island Health Regions. Employees who had previously been an employee of the Government of Prince Edward Island prior to the formation of the Health Regions had the option to remain within the uniform pension plan of the civil service of Prince Edward Island.

The uniform pension plan is a defined benefit pension plan for basic pension contributions and defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report as of January 1, 2000, employer contributions to the pension plan are sufficient to meet the requirements of the plan and a pension fund surplus existed at this point. The uniform pension plan is not reflected in these financial statements.

The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island and are not reflected in these financial statements.

General

These financial statements do not include the assets, liabilities and activities of Prince County Hospital Foundation, Stewart Memorial Hospital Foundation, or the hospitals' auxiliaries.

East Prince Health
Notes to the Financial Statements
March 31, 2005

4. Summary of significant accounting policies (cont'd)

Other

East Prince Health acts as an agent for the Province of P.E.I. for the collection of revenues. During the year, revenue of $3,170,785 (2004 - $3,050,227) was collected from the following areas:

- Long term Care
- Housing Services
- Home Care
- Addiction Services
- Public Health Nursing

Revenues collected are not reflected in the body of the financial statements.

5. **Cash-restricted**	**2005**	2004
Resident Trust Funds	**$ 20,909**	$ 20,869
Memorial Trust Funds	**8,778**	7,571
	$ 29,687	$ 28,440

6. **Receivables**	**2005**	2004
Financial Support overpayments	**$ 1,098,021**	$ 1,100,470
Patients and other	**1,092,826**	1,728,005
Department of Health and Social Services	**3,558,563**	2,347,592
Due from PHSA	**-**	241,658
	5,749,410	5,417,725
Less: allowance for doubtful accounts	**(1,098,022)**	(1,149,164)
	$ 4,651,388	$ 4,268,561

East Prince Health
Notes to the Financial Statements
March 31, 2005

7. Payables and accruals

	2005	2004
Trade	$ **756,021**	$ 1,123,443
Deferred revenue	**114,219**	327,922
Accrued salaries and benefits	**2,678,386**	2,359,452
Payable to Foundation	**36,245**	42,065
	$ **3,584,871**	$ 3,852,882

8. Special projects and other

During the year, East Prince Health participated in various projects and initiatives, such as the employment initiative program and home care projects whereby funding was provided by project sponsors. The related project expenditures are included in Community Development expenses.

9. Community development

	2005	2004
Grants to non-governmental organizations	$ **777,000**	$ 777,500
Special projects and other	**76,878**	92,521
	$ **853,878**	$ 870,021

10. Commitments

The Region has entered into agreements to lease its premises and office equipment for various periods until 2023. The annual rent of premises consists of a minimum rent plus realty taxes, maintenance, heat and certain other expenses. Minimum rent payable for premises and equipment in aggregate and for each of the next five years is as follows:

2006	$384,336
2007	$384,336
2008	$317,496
2009	$317,496
2010	$317,496
Subsequently	$1,437,892

East Prince Health
Notes to the Financial Statements
March 31, 2005

11. Accured retirement allowance

An analysis of the components of and changes in retirement allowance liabilities is as follows:

	2005	2004
Balance, beginning of year	**$ 1,338,906**	$ 1,241,097
Current service cost	**92,758**	86,242
Interest accrued	**86,716**	84,233
Less payments made	**(201,218)**	(72,666)
Balance, end of year	**$ 1,317,162**	$ 1,338,906

The retirement allowance numbers are based on an independent actuarial valuation provided to the Pension and Benefits Division of the Province Of Prince Edward Island Civil Service Commission estimating the components of the total provincial retirement allowance as of April 1, 2002. The Province Of Prince Edward Island projects the total liability in the years between the tri-annual actuarial valuations and has allocated the liability to the five Health Regions. The next independent actuarial valuation is to be provided for the next fiscal period.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuations and projections are:

Rate of return	6.75% per annum
Expected inflation rate	2.5% per annum
Expected average remaining service life	13 years

12. Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

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EASTERN SCHOOL DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2004

MACPHEE & MACAULAY

CHARTERED ACCOUNTANTS

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MACPHEE & MACAULAY

CHARTERED ACCOUNTANTS, P.O. BOX 70, MONTAGUE, P.E.I. C0A 1R0
TEL: (902) 838-4121 FAX: (902) 838-4802

AUDITORS' REPORT

To the Board of School Trustees of
Eastern School District

We have audited the balance sheets of Eastern School District as at June 30, 2004, and the statements of revenue and expenses, operating surplus (deficit) and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Eastern School District as at June 30, 2004 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

CHARTERED ACCOUNTANTS

September 21, 2004
Montague, Prince Edward Island

EASTERN SCHOOL DISTRICT
BALANCE SHEET
AS AT JUNE 30, 2004

	2004 $	2003 $
Assets		
Current		
Cash	789,823	3,530,470
Accounts receivable	375,667	541,614
Receivable from Department of Education	575,082	-
	1,740,572	4,072,084
Capital		
Cash	2,000	2,000
Fixed assets (notes 2 and 3)	89,504,214	87,471,228
	89,506,214	87,473,228
	91,246,786	91,545,312
Liabilities and surplus		
Payables and accruals		
General	1,398,357	3,930,948
Department of Education	-	90,861
Due to trust account	4,417	4,417
Reserve for future expenditures (note 4)	337,798	576,067
	1,740,572	4,602,293
Operating surplus (deficit)	-	(530,209)
	1,740,572	4,072,084
Capital		
Capital surplus	89,506,214	87,473,228
	91,246,786	91,545,312

SIGNED ON BEHALF OF THE BOARD

______________________________ CHAIRPERSON

______________________________ SECRETARY

EASTERN SCHOOL DISTRICT
TRUST FUNDS
BALANCE SHEET
AS AT JUNE 30, 2004

	2004 $	2003 $
Assets		
Due from general account	4,417	4,417
Liability		
Trust fund liability	4,417	4,417

SIGNED ON BEHALF OF THE BOARD

_______________________ CHAIRPERSON

_______________________ SECRETARY

EASTERN SCHOOL DISTRICT
TRUST FUNDS
STATEMENT OF REVENUE, EXPENSES AND SURPLUS
FOR THE YEAR ENDED JUNE 30, 2004

	2004 $	2003 $
Revenue	-	-
Trust assets, beginning of year	4,417	4,417
Trust assets, end of year	4,417	4,417

EASTERN SCHOOL DISTRICT
STATEMENT OF CAPITAL SURPLUS
FOR THE YEAR ENDED JUNE 30, 2004

	2004 $	2003 $
Capital surplus, beginning of year	87,473,228	88,404,980
Add:		
School building renovations and major projects	4,868,565	1,209,289
Furniture and equipment	350,731	-
Buses and van	-	1,006,041
	92,692,524	90,620,310
Deduct:		
Depreciation	3,186,310	3,147,082
Capital surplus, end of year	89,506,214	87,473,228

EASTERN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND OPERATING SURPLUS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2004

	2004 $	2003 $
Revenue		
Administration	1,433,521	1,234,316
Bus purchases	-	1,006,041
Instructional	1,329,367	1,361,248
Other revenue (note 5)	189,958	190,980
Projects sponsored by other sources (note 6)	17,922	116,435
Renovations and equipment	939,692	735,625
Salaries and benefits	80,572,150	76,986,140
School building renovations and major projects	5,219,296	1,209,289
School maintenance and operation	3,834,234	3,648,715
School raised funds	265,200	232,841
Transportation	1,704,291	1,391,268
Unfunded depreciation	3,186,310	3,147,082
	98,691,941	91,259,980
Expenses		
Administration (page 7)	1,092,016	1,087,794
Capital		
Bus replacement	-	1,006,041
Special capital projects	5,219,296	1,209,289
Instructional (page 8)	1,304,878	1,291,884
Projects sponsored by other sources (note 6)	17,922	118,922
Renovations and equipment (page 12)	862,683	554,445
Salaries and benefits (page 9)	79,981,442	76,539,546
School maintenance and operation (page 10)	7,843,288	7,579,240
Transportation (page 11)	2,370,416	2,449,030
	98,691,941	91,836,191
EXCESS REVENUE (EXPENSES) FOR THE YEAR	-	(576,211)
Operating surplus (deficit), beginning of year	(530,209)	46,002
Deficit reduction grant	530,209	-
Excess revenue (expenses) for the year	-	(576,211)
Operating surplus (deficit), end of year	-	(530,209)

EASTERN SCHOOL DISTRICT
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

7.

	2004	2003
	$	$
Advertising	19,261	16,916
Courier service	24,166	25,056
Development plan/foundation	32,378	27,354
Employee allowances	9,621	1,080
Employee training and development	81,787	99,879
Graduation	11,831	8,391
Insurance	121,254	97,013
Meetings	24,969	33,480
Miscellaneous	4,199	2,490
Office supplies	106,470	92,731
Photocopying	9,291	17,930
Postal services	26,850	26,158
Professional services	98,357	130,802
Public, staff and student relations	17,191	13,362
School breakfast program	8,754	3,886
Telephone	217,105	201,600
Travel	179,406	175,762
Trustees remuneration	46,140	43,810
Trustee travel and other	52,189	60,094
Tutors	797	10,000
	1,092,016	1,087,794

EASTERN SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

8.

	2004 $	2003 $
Academic supplies	267,941	216,604
Art	22,215	30,126
Audio visual supplies	8,788	12,318
Career exploration		
Automotive technology	19,391	13,403
Communications and the arts	17,688	18,255
Construction and manufacturing	35,274	27,176
Other	16,921	11,196
Computer literacy	13,573	8,863
Duplicating supplies	347,732	390,322
English and language arts	5,080	6,267
Equal Chances for learning	15,359	-
Equipment maintenance and repairs	39,349	63,274
French	2,036	4,874
Guidance and resource	7,326	6,320
Home economics and family living	28,786	30,940
Industrial arts	58,353	57,378
Library and resource centres	119,809	108,355
Music	20,456	29,451
Physical education	74,705	79,004
Pilot and program materials	27,656	23,236
Science	32,274	41,298
Special projects	49,819	51,985
Student services	16,816	10,713
Vocational education		
Carpentry	13,728	6,634
Motor vehicle repair	25,627	19,061
Welding	18,176	24,831
	1,304,878	1,291,884

EASTERN SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BENEFITS EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

9.

	2004 $	2003 $
Board instructional salaries	862,423	623,808
Board supervisory salaries	977,213	848,582
Instructional salaries	52,115,541	51,328,147
Maintenance and operation salaries	4,816,859	4,449,603
School administrative salaries	7,423,616	6,908,071
Secretarial and clerical	3,218,747	2,934,166
Teacher assistant salaries	5,955,950	5,125,120
Transportation salaries	4,611,093	4,322,049
	79,981,442	76,539,546

NOTE:

Board instructional salaries include consultants, psychologists and board based temporary assignments.

Board supervisory salaries include superintendent, directors, maintenance supervisor and transportation supervisor.

Instructional salaries include all teaching staff exclusive of board supervisory, board instructional, board temporary and school administrative.

Maintenance and operation salaries include custodial, cleaning and maintenance staff.

School administrative salaries include principals, vice-principals and department heads.

Secretarial and clerical salaries include board office secretarial and clerical and school based secretarial staff.

Teacher assistant salaries include all teacher assistant positions.

Transportation salaries include bus depot and bus driver staff.

EASTERN SCHOOL DISTRICT
SCHEDULE OF SCHOOL MAINTENANCE AND OPERATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

10.

	2004	2003
	$	$
Annual cleaning	22,162	13,448
Building repairs	602,877	552,837
Electricity	1,545,998	1,361,371
Employee allowances	10,437	10,418
Equipment repairs	42,717	38,460
Fire dues	41,135	40,125
Fuel	1,463,312	1,761,331
Insurance	203,201	160,997
Janitorial supplies	282,516	282,522
Maintenance of grounds	64,454	50,107
Miscellaneous	9,899	5,669
Non-capital equipment	12,696	7,365
Occupational health & safety	80,823	89,673
Playground repairs	44,696	61,427
Property taxes	-	6,512
Rentals	257,580	93,454
Service contracts	30,811	18,730
Service vehicle	15,926	12,753
Sewer and water	150,454	145,387
Snow removal	196,807	203,128
Vandalism repairs	8,997	157
Waste disposal	228,567	205,669
	5,316,065	5,121,540
Depreciation		
School buildings	2,176,902	2,107,481
Furniture and equipment	350,321	350,219
	7,843,288	7,579,240

EASTERN SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

11.

	2004 $	2003 $
Bus parts and supplies	619,674	650,204
Communications	21,852	23,372
Contracted services	173,916	174,486
Employee allowances	8,459	16,593
Equipment repairs and maintenance	4,870	13,779
Extra-curricular transportation	63,621	54,687
Fuel	640,878	644,915
Insurance	97,697	117,442
Miscellaneous	4,983	5,451
Non-capital equipment	5,704	2,031
Occupational health & safety	4,576	1,348
Service vehicle	1,346	1,760
Snow removal	56,663	48,454
Supplies	7,090	5,126
	1,711,329	1,759,648
Depreciation		
Buses	659,087	689,382
	2,370,416	2,449,030

EASTERN SCHOOL DISTRICT
SCHEDULE OF RENOVATIONS AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2004

12.

	2004 $	2003 $
Audio-visual equipment	61,653	72,740
Building repairs and renovations	205,808	86,663
Classroom furniture and equipment	15,211	41,085
Communications equipment	11,497	6,489
Computer equipment	81,265	45,663
Fuel storage tanks	13,012	-
Miscellaneous equipment	32,271	28,576
Musical instruments	52,906	51,397
Office furniture and equipment	71,681	166,615
Paving and grounds maintenance	2,089	1,527
Playground equipment	4,105	48,529
Network services	299,253	-
Science equipment	11,932	5,161
	862,683	554,445

EASTERN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

1. Nature Of Organization

The Eastern School District is a not-for-profit organization whose purpose is to provide quality education for the children in its district. The District is governed under the terms of the Prince Edward Island School Act and is managed by a Board of School Trustees.

2. Significant Accounting Policies

A. Fixed Assets

Land, buildings, furniture and equipment are recorded at values carried in the accounts of the former School Boards as at June 30, 1972, with subsequent additions at cost. Buses are recorded at cost.

Commencing on July 1, 1995 the policy for capitalization of buildings and equipment was changed such that only purchases which exceed $25,000 are capitalized in the Capital Fund. The capital expenditures and related capital grants continue to be reported on the Statement of Revenue, Expenses and Operating Surplus (Deficit). Schools constructed and renovated by the Prince Edward Island Department of Public Works and school buses purchased by the Provincial Government are recorded as fixed assets in the capital fund when title is passed.

Depreciation is calculated as follows:

Item	Method	Annual Rate
Buildings	Declining Balance	2 1\2%
Equipment	Declining Balance	20%
School Buses	Straight Line	12%
Used School Buses and Vans	Straight Line	24%

B. The financial statements have been prepared in accordance with accounting policies adopted by the Prince Edward Island School Boards. These policies conform in all material respects with generally accepted accounting principles with the following exceptions:

(i) Bus parts inventory and classroom supplies on hand at June 30, 2004 have not been reflected on the balance sheet. All such parts and supplies are expensed when purchased.

(ii) Revenue and expenditures associated with pension contributions, deferred salaries and retirement allowances are not recognized until they become due and payable.

C. Pension Plans

Instructional employees of the District are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the District is limited to current year contributions as any shortfall in funding of the pension plans is the responsibility of the Province of Prince Edward Island. In addition, the Province of Prince Edward Island provides an annual grant to fund the District's portion of contributions to the pension plan.

EASTERN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

6. Projects Sponsored By Other Sources

For the year ended June 30, 2004 the Revenue and Expenses for Projects Sponsored By Other Sources consisted of the following:

	Revenue $	Expenses $
Skills Link	17,922	17,922

French Language School Board

Financial Statements

June 30, 2004

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees of
French Language School Board

We have audited the operating and capital fund balance sheets of French Language School Board as at June 30, 2004 and the statements of revenue, expenses and operating surplus and changes in investment in capital assets for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles applied by Prince Edward Island School Boards.

Grant Thornton LLP

Summerside, Prince Edward Island
November 22, 2004

Grant Thornton LLP
Chartered Accountants

220 Water Street, 2nd Floor
PO Box 1660
Summerside, Prince Edward Island
C1N 2V5
T (902) 436-9155
F (902) 436-6913
E Summerside@GrantThornton.ca
W www.GrantThornton.ca

French Language School Board
Statements of Revenue, Expense and Operating Surplus

Year Ended June 30	2004	2003
Revenue		
Grants		
Administration	$ 361,932	$ 216,600
Capital additions	27,000	23,300
Maintenance and operation	365,960	293,322
Program	46,406	44,200
Salaries and benefits	5,011,987	4,464,989
Transportation	148,417	90,179
Other revenue (Note 3)	301,966	278,412
Unfunded depreciation on property and equipment	331,382	337,532
	6,595,050	5,748,534
Expenses		
Administration (page 9)	284,212	253,603
Maintenance and operation (page 10)	464,670	361,817
Minority program (page 11)	26,061	12,703
Non-capital equipment (page 12)	115,437	60,675
Program (page 13)	87,555	46,518
Salaries and benefits (page 14)	5,156,463	4,503,169
Transportation (page 15)	193,765	166,942
Unfunded depreciation on property and equipment	331,382	337,532
	6,659,545	5,742,959
(Deficiency) surplus of revenue over expenses	$ (64,495)	$ 5,575

	2004	2003
Operating surplus, beginning of year	$ 64,520	$ 58,945
(Deficiency) surplus of revenue over expenses	(64,495)	5,575
Operating surplus, end of year	$ 25	$ 64,520

See accompanying notes to the financial statements.

French Language School Board
Balance Sheet - Operating Fund

June 30	2004	2003
Assets		
Current		
Cash and short term deposits	$ 510	$ 105,617
Receivables	274,407	212,791
Prepaids	1,734	73,770
Province of Prince Edward Island (Note 4)	128,845	-
	$ 405,496	$ 392,178
Liabilities		
Payables and accruals		
Bank indebtedness	$ 216,401	-
General	117,936	$ 45,266
Salaries and benefits	24,209	20,211
Province of Prince Edward Island (Note 4)	-	11,955
Deferred revenue (Note 5)	46,925	250,226
	405,471	327,658
Surplus		
Operating surplus	25	64,520
	$ 405,496	$ 392,178

Approved on behalf of the Board

____________________ Board Chairman

____________________ Board Secretary

See accompanying notes to the financial statements.

French Language School Board
Balance Sheet - Capital Fund

June 30	2004	2003
Assets		
Property and equipment (Note 6)	$ 9,515,534	$ 9,595,014
Equity		
Investment in capital assets (page 5)	$ 9,515,534	$ 9,595,014

Approved on behalf of the Board

________________________ Board Chairman

________________________ Board Secretary

See accompanying notes to the financial statements.

French Language School Board
Statement of Changes in Investment in Capital Assets

Year Ended June 30	2004	2003
Balance, beginning of year	**$ 9,595,014**	$ 4,964,827
Add:		
Purchase of:		
Buildings and improvements	**208,893**	4,889,723
Buses & equipment	**43,010**	77,996
	9,846,917	9,932,546
Deduct:		
Depreciation		
Buildings	**222,954**	223,315
Furniture and equipment	**62,053**	73,004
Buses	**46,376**	41,213
	331,383	337,532
Balance, end of year	**$ 9,515,534**	$ 9,595,014

See accompanying notes to the financial statements.

French Language School Board
Notes to the Financial Statements

Year Ended June 30, 2004

1. Nature of operations

The Board operates as a not-for-profit organization that provides for primary and secondary education requirements for people within their jurisdiction, in Prince Edward Island.

2. Summary of significant accounting policies

Property and equipment

Property and equipment are recorded at values carried in the accounts of the former School Boards as at June 30, 1972, with subsequent additions at cost. Buses are recorded at cost.

Only those purchases which exceed $25,000 are capitalized in the Capital Fund. The total capital expenditures and related capital grants are reported on the Statement of Revenue, Expenses and Operating Surplus.

Schools constructed and renovated by the Prince Edward Island Department of Public Works and buses purchased by the Provincial Government are recorded as property and equipment in the capital fund when title is passed.

Depreciation

Depreciation is calculated on the diminishing balance basis for buildings at a rate of 2 1/2% per annum and for furniture and equipment at 15% per annum. Depreciation is calculated on the straight line basis for buses at 12% per annum.

Unfunded depreciation on property and equipment

Unfunded depreciation on property and equipment is a revenue amount offsetting depreciation expense. The Department of Education does not fund depreciation on a current basis.

Commitments

Included in payables and accruals are outstanding commitments totalling $3,735 (2003 - $335). These amounts relate to the current year school budget for goods and services to be received or provided subsequent to year end.

Deferred revenue

The unexpended portion of grants received for specific purchases and programs are deferred and used for the related future purchases and programs.

French Language School Board
Notes to the Financial Statements
Year Ended June 30, 2004

2. Summary of significant accounting policies (cont'd)

Pension plans

Instructional employees of the Board are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island. Non-instructional employees are members of a defined benefit / defined contribution pension plan. The expense of the Board is limited to a matching contribution equal to the employee's portion. In addition, the Province of Prince Edward Island provides grants to fund the Board's portion of contributions to the pension plan.

Vacation pay and service gratuities

No liability has been recorded in these financial statements for accrued but unpaid vacation pay and service gratuities. The Board receives direct funding from the Province of P.E.I. on an annual basis to cover such costs.

3. **Other revenue**	**2004**	2003
Grant - French monitor program	$ **68,702**	$ 34,208
Grant - Capital funding Summerside	-	5,675
Grant - Bursaries	-	2,000
Grant - Inservice	**1,600**	1,600
Grant - Grassroots program	**4,161**	1,848
Grant – Multiage program	**15,000**	-
Interest and other	**4,847**	5,769
Recoverable salaries	**32,303**	23,069
Recoverable costs		
- Community Component	**169,876**	186,073
- Other	-	9,550
Rentals and other	**5,477**	8,620
	$ **301,966**	$ 278,412

French Language School Board
Notes to the Financial Statements

Year Ended June 30, 2004

4. Province of Prince Edward Island	**2004**	2003
Receivables (payables)	**$ 128,845**	$ (11,955)

5. Deferred revenue	**2004**	2003
Funds designated for		
Bus driver training	**$ 500**	$ 500
Cultural program	**30,054**	-
Grass roots program	**-**	11,652
Crime prevention federal program	**8,448**	21,000
Mulitage	**7,923**	-
Salary & Maintenance	**-**	143,304
Capital – school servers	**-**	73,770
	$ 46,925	$ 250,226

6. Property and equipment			**2004**	2003
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 289,226	-	**$ 289,226**	$ 289,226
Buildings and improvements	10,884,072	$ 2,188,859	**8,695,213**	8,709,275
Furniture and equipment	1,161,981	810,345	**351,636**	413,689
Buses	628,647	449,188	**179,459**	182,824
	$ 12,963,926	$ 3,448,392	**$ 9,515,534**	$ 9,595,014

French Language School Board
Schedule of Administration Expense

Year Ended June 30	2004	2003
Advertising	$ 7,559	$ 12,720
Board member remuneration	35,762	30,092
Board member travel and other	27,134	24,795
French promotion	8,226	24,618
Miscellaneous	4,648	3,642
Office supplies	21,963	15,538
Postal services and expenses	6,930	6,280
Professional services	33,701	21,143
Public and staff relations	3,169	2,885
Service contracts	55,992	54,507
Special education	1,363	388
Telephone	35,813	26,257
Travel	41,952	30,738
	$ 284,212	$ 253,603

French Language School Board
Schedule of Maintenance and Operation Expense

Year Ended June 30	2004	2003
Annual cleaning	**$ 1,339**	$ 949
Building repairs	**35,041**	29,833
Electricity	**121,120**	113,979
Equipment repairs	**20,056**	2,498
Fuel	**89,064**	105,311
Garbage, water and sewage	**25,715**	24,167
Insurance	**24,878**	12,290
Janitorial supplies	**19,715**	13,047
Maintenance and grounds	**21,972**	21,632
Miscellaneous	**920**	766
Rental - classroom	**88,535**	27,780
Snow removal	**16,315**	9,565
	$ 464,670	$ 361,817

French Language School Board
Schedule of Minority Program Expense

Year Ended June 30	**2004**	2003
Cultural activities	**$ 14,918**	$ 169
French library	**3,661**	3,156
Inclusion project	**3,300**	1,848
Miscellaneous	**2,134**	4,325
Travel	**2,048**	3,205
	$ 26,061	$ 12,703

French Language School Board
Schedule of Non-capital Equipment

Year Ended June 30	2004	2003
Audio visual equipment	**$ 3,700**	$ 5,206
Building renovations	**41,450**	22,050
Classroom/program furniture	**46,880**	13,146
Computer equipment - admin.	**8,387**	8,260
Computer equipment - program	**169**	-
Computer equipment - school	**134**	151
Musical equipment	**3,301**	3,853
Office/admin. furniture	**4,240**	987
Physical education equipment	**3,285**	-
Plant equipment	**3,891**	6,818
School bus	**-**	204
	$ 115,437	$ 60,675

French Language School Board
Schedule of Program Expense

Year Ended June 30	2004	2003
A V equipment	**$ 243**	$ 239
Academic supplies	**12,808**	13,457
Computer	**1,641**	2,380
Cultural activities	**32,707**	274
Industrial arts	**1,119**	1,330
Library	**3,412**	3,490
Miscellaneous	**4,856**	3,138
Music	**3,557**	1,006
Photocopying	**13,562**	12,067
Physical education	**5,079**	3,822
Science	**8,571**	5,315
	$ 87,555	$ 46,518

French Language School Board
Schedule of Salaries and Benefits Expense

Year Ended June 30	**2004**	2003
Administrative positions	**$ 403,223**	$ 533,127
Board supervisory	**237,750**	154,896
Federally funded	**45,581**	35,655
Maintenance and operation	**372,517**	361,269
Professional development	**4,872**	8,365
Provincially funded	**49,741**	30,943
Secretarial and clerical	**142,769**	124,580
Teacher assistants	**227,429**	184,857
Teachers	**3,424,573**	2,852,617
Transportation	**248,008**	216,860
	$ 5,156,463	$ 4,503,169

Note:

Administrative positions salaries include principals, vice-principals, and consultants.

Board supervisory salaries include superintendent and business supervisor.

Federally funded salaries include the salaries for the French Monitor Program.

Maintenance and operations salaries include janitorial staff.

Secretarial and clerical salaries include board office secretarial and school secretarial staff.

Teachers' salaries include all teaching staff excluding those listed above.

Transportation salaries include bus driver staff.

French Language School Board
Schedule of Transportation Expense

Year Ended June 30	2004	2003
Contract services	$ **123,293**	$ 87,478
Employee allowances	**440**	1,332
Extracurricular	**8,529**	8,117
Gas and oil	**34,432**	42,824
Insurance	**6,380**	5,908
Miscellaneous	**505**	742
Repairs	**20,186**	20,541
	$ **193,765**	$ 166,942

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Island Investment Development Inc.

Consolidated Financial Statements

March 31, 2005

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
90 Water Street
PO Box 455
Charlottetown Prince Edward Island
Canada C1A 7L1
Telephone (902) 368 3100
Fax (902) 566 5074

May 6, 2005

Auditors' Report

To the Board of Directors of
Island Investment Development Inc.

We have audited the consolidated balance sheet of **Island Investment Development Inc.** as at March 31, 2005 and the consolidated statements of earnings, retained earnings (deficit) and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Island Investment Development Inc.

Consolidated Balance Sheet

As at March 31, 2005

	2005 $	2004 $
Assets		
Current assets		
Cash and short-term investments (quoted market value – $33,543,541; 2004 – $7,871,575)	33,531,549	7,587,440
Accounts receivable (note 8)	1,097,380	958,614
Accrued interest receivable (note 8)	84,780	295,735
Prepaid expenses	-	25,000
Current portion of advances to escrow agent	887,500	440,000
Current portion of notes receivable	5,945,089	9,389,200
	41,546,298	18,695,989
Funds held in trust (note 3)	6,265,957	5,536,672
Advance to escrow agent, less current portion (note 8)	787,500	1,585,000
Notes receivable, less current portion (note 4)	21,284,804	24,927,568
Deferred financing costs (note 5)	2,657,543	1,171,838
	72,542,102	51,917,067
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	152,162	90,167
Short-term note payable (note 6)	-	5,500,000
Current portion of accrued interest payable	482,369	282,749
Current portion of long-term debt	11,700,710	6,156,132
	12,335,241	12,029,048
Funds held in trust (note 3)	6,265,957	5,536,672
Accrued interest payable, less current portion (note 8)	200,253	535,117
Long-term debt, less current portion (note 7)	53,583,474	34,141,300
	72,384,925	52,242,137
Retained earnings (deficit)	157,177	(325,070)
	72,542,102	51,917,067

Approved by the Board of Directors

____________________ Director ____________________ Director

Island Investment Development Inc.

Consolidated Statement of Retained Earnings (Deficit)

For the year ended March 31, 2005

	2005 $	2004 $
Retained earnings (deficit) – Beginning of year	(325,070)	4,361
Net earnings (loss) for the year	482,247	(329,431)
Retained earnings (deficit) – End of year	157,177	(325,070)

Island Investment Development Inc.

Consolidated Statement of Earnings

For the year ended March 31, 2005

	2005 $	2004 $
Revenue		
Investment income (note 8)	2,334,636	2,145,986
Provincial Nominee Program fees	169,508	224,990
Provincial Nominee Program defaults (note 3)	344,168	-
	2,848,312	2,370,976
Expenses		
Salaries	207,022	186,418
Management fees (note 8)	150,000	150,000
Interest and bank charges (note 8)	531,507	14,875
Interest on long-term debt	184,240	343,128
Professional fees	29,932	25,728
Office	15,299	12,665
Equipment	6,235	5,482
Provision for possible losses	372,000	995,582
Consulting fees	25,935	24,112
Travel	6,246	10,128
Grants to private company	119,002	111,708
Population secretariat	70,913	-
Amortization	647,734	820,581
	2,366,065	2,700,407
Net earnings (loss) for the year	482,247	(329,431)

Island Investment Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2005

	2005 $	2004 $
Cash provided for (used in)		
Operating activities		
Net earnings (loss) for the year	482,247	(329,431)
Items not affecting cash		
Amortization	647,734	820,581
Provision for possible losses	372,000	995,582
	1,501,981	1,486,732
Net change in non-cash working capital items		
– decrease (increase) in accounts receivable	(138,766)	177,224
– decrease in accrued interest receivable	210,955	208,503
– decrease (increase) in prepaid expenses	25,000	(25,000)
– increase in accounts payable and accrued liabilities	61,995	24,584
– decrease in accrued interest payable	(135,244)	(694,455)
	23,940	(309,144)
	1,525,921	1,177,588
Investing activities		
Decrease (increase) in notes receivable - net	6,714,875	(3,905,150)
Increase in deferred financing costs	(2,133,439)	(912,992)
	4,581,436	(4,818,142)
Financing activities		
Decrease in advance to escrow agent	350,000	3,575,000
Increase (decrease) in short-term note payable	(5,500,000)	5,500,000
Increase (decrease) in long-term debt – net	24,986,752	(15,090,257)
	19,836,752	(6,015,257)
Net change in cash and short-term investments	25,944,109	(9,655,811)
Cash and short-term investments – Beginning of year	7,587,440	17,243,251
Cash and short-term investments – End of year	33,531,549	7,587,440
Supplementary disclosure		
Interest received	2,425,043	2,818,978
Interest paid	850,948	1,055,003

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

1 Basis of presentation

Consolidation

These financial statements include the operations of Island Investment Development Inc. and its three wholly-owned subsidiaries, Prince Edward Island Government Economic Development Fund (No. IV) Inc., Prince Edward Island Government Economic Development Fund (No. V) Inc., and Prince Edward Island Century 2000 Fund Inc.

Corporate status

The company is a crown corporation established under the provisions of the Island Investment Development Inc. Act and is therefore a non-taxable entity under the provisions of the Income Tax Act.

The company is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island with its purpose to invest in active business operations. The investments are made in typically new or expanding companies, and as such, there is a significant degree of credit risk. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

The company administers the Prince Edward Island Provincial Nominee Program on behalf of the Province of Prince Edward Island, and charges applicants under the program a fee to process the application received.

2 Summary of significant accounting policies

Short-term investments

Short-term investments are recorded at cost.

Notes receivable

The notes receivable are recorded at cost with interest recorded on an accrual basis. When there is an identifiable long-term permanent decline in value, the notes will be written down to their estimated fair value. Any write downs or losses on disposal are recorded in the year they occur.

Revenue recognition

Interest income is recorded on an accrual basis.

Provincial Nominee Program defaults are recorded as revenue in the fiscal year in which the deposit period ends and the applicant does not meet the conditions of repayment.

Provincial Nominee Program fees are recorded as revenue when received.

Fair value of financial instruments

Fair value is subjective in nature requiring a variety of valuation techniques and assumptions. Some of the company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their fair value. Where it is possible to estimate fair value, we assume that they will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the fair value of their financial instruments.

Provision for possible losses

Any increase (decrease) in the provision for possible losses on the notes receivable is recorded in the statement of earnings.

Specific provision

A provision is recorded for specific loans to reduce their book value to an amount expected to be recovered from the loans in the event of an impairment in value. A variety of methods are used to determine the amount expected to be recovered from impaired loans including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken. The specific provision at March 31, 2005 is $2,112,800 (2004 – $3,103,600)

General provision

A general provision is recorded for notes receivable on the basis that not all of the impairment in the notes receivable can be specifically identified. The general provision of $1,361,982 (2004 – $1,559,182) is based on past performance of similar loans, the level of the specific provision, management's judgement and the maturity and financial strength of the investee.

An impaired loan is a loan where, in management's opinion, there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

Property and equipment

It is the company's policy to expense items of furniture and equipment in the year in which they are acquired.

Deferred financing costs

The costs incurred in obtaining financing have been capitalized and are being amortized using the straight-line basis over sixty months, commencing when projects have been approved and loans to borrowers drawn down.

Escrow agreement

Escrow Agent

Under the terms of an escrow agreement, subscription funds tendered by investors in Prince Edward Island Government Economic Development Fund (No. IV) Inc., (Fund IV) and Prince Edward Island Government Economic Development Fund (No. V) Inc. (Fund V) are held in trust by the escrow agent, Corporate Services Ltd., until the commencement date or until the funds are returned to the investor in the event that the investor's subscription has not been accepted.

Disbursement of Subscription Proceeds Fund IV and Fund V

For all subscription proceeds of Fund IV and Fund V, the escrow agent disbursed the subscription proceeds at the commencement date as follows:

- advanced 70% of subscription proceeds to Fund IV and Fund V to be invested in approved projects;
- advanced 10% of subscription proceeds to Fund IV and Fund V to be used to cover offering and operating costs;
- establish a repayment account by investing 20% of the subscription proceeds in high yield secure instruments as a contingency for repayment of rejected investors and the notes payable on maturity.

Interest on long-term debt

Interest expense on the notes payable is accrued from the date of the closing. Interest paid to refunded investors is calculated from the date funds are deposited by the escrow agent.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

3 Funds held in trust

Funds held in trust consist of:

	2005 **$**	**2004** **$**
Amounts held under the Prince Edward Island Provincial Nominee Program – Good Faith deposits	5,139,749	3,627,647
Amounts held under the Prince Edward Island Provincial Nominee Program to be invested in local businesses	1,126,208	1,120,230
Amounts due to investors in Island Fund IV	-	788,795
	6,265,957	5,536,672

a) Certain applicants under the Prince Edward Island Provincial Nominee Program have entered into a good faith deposit agreement with the company. Under this agreement, each applicant deposits $25,000 in trust for a period of one year from the date the applicant is granted permanent resident status by the Government of Canada. At the end of this period, the deposit is returned to the applicant, plus interest, provided the applicant provides evidence that the conditions set out in the agreement have been met. In the case that the applicant does not meet the conditions for repayment, the company records the deposit amount, plus accrued interest, as revenue in the fiscal year in which the deposit period ends. During the year, ten applicants (2004 – three) were refunded totalling $257,961 (2004 – $75,000) and nine applicants (2004 – nil) defaulted totalling $238,151 (2004 – nil).

b) Certain applicants under the Prince Edward Island Provincial Nominee Program have entered into an escrow agreement with the company. Under this agreement, each applicant deposits $100,000 in trust until such time as the conditions set out in the escrow agreement have been met. Once the conditions have been met, the deposit is returned to the applicant, plus interest. In the case that the applicant does not meet the conditions for repayment, the company records the deposit amount, plus accrued interest, as revenue in the fiscal year in which the deposit period ends. During the year, one applicant (2004 – nil) defaulted totalling $106,017 (2004 – nil).

c) The company is holding in trust at March 31, 2005 cash and short-term investments of nil (2004 – $788,795) on behalf of nil (2004 – three) investors that had notes payable issued by Fund IV, which came due during 2004. All interest earned on the funds held in trust accrues to the benefit of Fund IV. These funds held in trust were paid to the investors during the year.

Interest earned on funds held in trust is recorded in the trust when interest is received by the company.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

4 Notes receivable

The 4% notes receivable are invested in the following business sectors and have five year terms with terms to maturity as disclosed in note 11:

					2005	2004
	Total **$**	**Impaired loans included in total** **$**	**General provision** **$**	**Specific Provision** **$**	**Net** **$**	**Net** **$**
Tourism	1,780,000	1,780,000	79,700	384,800	1,415,500	8,100,000
Shipbuilding	7,933,550	-	396,482	-	7,537,068	3,968,208
Technology	1,675,125	-	83,700	-	1,591,425	2,956,800
Manufacturing and processing	14,691,000	3,660,000	604,600	1,618,000	12,468,400	13,937,760
Agriculture	-	-	-	-	-	1,024,000
Small business	2,875,000	-	117,500	-	2,657,500	2,760,000
Aerospace	1,750,000	1,000,000	80,000	110,000	1,560,000	1,570,000
	30,704,675	6,440,000	1,361,982	2,112,800	27,229,893	34,316,768
Less: Current portion	7,590,043	3,235,000	251,754	1,393,200	5,945,089	9,389,200
	23,114,632	3,205,000	1,110,228	719,600	21,284,804	24,927,568

Related party notes:

Included in manufacturing and processing is a $7,186,000 note receivable (2004 – $6,211,000) due from Prince Edward Island Business Development Inc. Included in technology is a $865,125 note receivable (2004 – nil) due from FTC Enterprises Inc., and a nil (2004 – $2,200,000) note receivable from Atlantic Technology Centre Inc.

Continuity of allowance for possible losses

	2005 **$**	**2004** **$**
Allowance for possible losses – Beginning of year	4,662,782	3,992,800
Less: Provision recorded during the year	372,000	995,582
Loans written off during the year	(1,560,000)	(325,600)
Allowance for possible losses – End of year	3,474,782	4,662,782

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

5 Deferred financing costs

			2005	2004
	Cost $	Accumulated Amortization $	Net $	Net $
Island Fund IV Placement and escrow fees	2,475,398	2,387,518	87,880	188,270
Island Fund V Placement and escrow fees	1,309,714	1,217,381	92,333	267,926
Century Fund 2000 Facilitator commissions	3,108,306	630,976	2,477,330	715,642
	6,893,418	4,235,875	2,657,543	1,171,838

6 Short-term note payable

	2005 $	2004 $
8% note repaid during the year	-	5,500,000

The note was payable to Prince Edward Island Business Development Inc., a provincial Crown corporation.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

7 Long-term debt

	2005 $	2004 $
Non-interest bearing notes payable, nominally dated with dates ranging from January 1, 2000 to April 1, 2005, repayable in full in five years pursuant to the federally administered Immigrant Investor Program	50,534,184	19,797,432
1% notes payable, nominally dated April 12, 2000, principal and interest repayable in full in five years	2,750,000	2,750,000
1% notes payable, nominally dated May 9, 2000, principal and interest repayable in full in five years	3,500,000	3,500,000
1% notes payable, nominally dated August 4, 2000, principal and interest repayable in full in five years	750,000	750,000
1% notes payable, nominally dated December 1, 2000, principal and interest repayable in full in five years	2,500,000	2,500,000
1% notes payable, nominally dated May 28, 2001, principal and interest repayable in full in five years	1,250,000	1,250,000
1% notes payable, nominally dated November 19, 2001, principal and interest repayable in full in five years	2,500,000	2,500,000
1% notes payable, nominally dated March 18, 2002, principal and interest repayable in full in five years	1,000,000	1,000,000
1% notes payable, nominally dated February 18, 2003, principal and interest repayable in full in five years	500,000	500,000
1% notes payable, repaid during the year	-	5,750,000
	65,284,184	40,297,432
Less: Current portion	11,700,710	6,156,132
	53,583,474	34,141,300

All 1% notes payable are pursuant to the Offering Memorandum and Immigrant Investor Regulations.

The Province of Prince Edward Island has provided a guarantee of the non-interest bearing notes payable to the Minister of Citizenship and Immigration (Agent) in the event of the failure of Prince Edward Island Century 2000 Fund Inc. to repay the notes payable to the Agent within 30 days following the end of the allocation period.

The principal payments required on the long-term debt to meet retirement provisions over the next five years are as follows:

	$
Year ending March 31, 2006	11,700,710
2007	10,583,984
2008	5,725,090
2009	5,888,372
2010	31,386,028

Island Investment Development Inc.

Notes to Consolidated Financial Statements
March 31, 2005

8 Related party transactions

Included in accounts receivable is $12,883 (2004 – nil) due from the Province of Prince Edward Island, $821,443 (2004 – $958,614) due from Corporate Services Ltd. and $403 (2004 – nil) from Technology Prince Edward Island Inc. Included in accrued interest receivable is nil (2004 – $84,306) due from Prince Edward Island Business Development Inc. and nil (2004 – $41,891) due from Atlantic Technology Centre Inc.

Included in accounts payable is $78,504 (2004 – nil) due to the Province of Prince Edward Island, $17,062 (2004 – $38,598) due to Prince Edward Island Business Development Inc. and $10,636 (2004 - $1,288) due to Technology Prince Edward Island Inc. Included in accrued interest payable is nil (2004 - $13,675) due to Prince Edward Island Business Development Inc.

Included in investment income is $268,902 (2004 – $84,306) from Prince Edward Island Business Development Inc. and $28,991 (2004 – $41,891) from Atlantic Technology Centre Inc. and $46,140 (2004 – nil) from FTC Enterprises Inc.

Included in expenses are management fees of $150,000 (2004 – $150,000) and interest expense of $530,692 (2004 – $13,675) paid to Prince Edward Island Business Development Inc.

The advances to escrow agent are to Corporate Services Ltd.

Corporate Services Ltd., Technology Prince Edward Island Inc., FTC Enterprises Inc. and Atlantic Technology Centre Inc. are wholly-owned subsidiaries of Prince Edward Island Business Development Inc. Prince Edward Island Business Development Inc. is a Crown corporation.

9 Agent agreement

Prince Edward Island Century 2000 Fund Inc.

The Federal Minister of Citizenship and Immigration acts as an Agent for Prince Edward Island Century 2000 Fund Inc. (the company) by receiving investments from immigrant investors and disbursing them to the company in accordance with the allocation formula set out in the federal Immigration Regulations, 1978. All monies received by the Agent pursuant to the issuance of debt obligations by the company are to beheld by the Agent in a separate account from the moment such monies are received, on behalf of the company. Certain facilitated investments are subject to a commission agreement whereby a 7% commission on the provincial allocation is paid to a party which facilitates an investment, effective for facilitated investments received on or after July 1, 2001. These commissions are paid out of the special account by the Agent on the first day of the second month following the issuance of a visa to the investor who made the facilitated investment, and are recorded as deferred financing charges by the company.

The Agent disburses the provincial allocation, less applicable commissions, to the company at the beginning of the five-year allocation period. The Agent issues a promissory note to the investor on behalf of the company. The company is obligated to repay the note, bearing interest at 0%, within 30 days after the expiry of the allocation period.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

The company is required to repay the investor, through the Agent, the investor's provincial allocation within 90 days of receipt by the Agent of a request by the investor to withdraw his/her application for permanent residence, or upon the refusal of the application by the Minister.

During the year, one note was refunded for $63,110 (2004 – $63,110) reducing notes payable by $63,110 (2004 – $63,110).

10 Commitments

Prince Edward Island Century 2000 Fund Inc. loans approved by not disbursed at March 31, 2005 amount to $12,085,000 (2004 – $1,153,500).

11 Interest rate risk

The following table sets out the assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the company's interest rate risk position is limited by the fact that certain borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing date. For example, notes receivable are shown at contractual maturity but certain notes could prepay earlier.

	Under 1 year $	Over 1 to 5 years $	Not interest rate sensitive $	Total $
Assets				
Cash and investments	33,531,549	-	-	33,531,549
Accounts receivable	-	-	1,097,380	1,097,380
Accrued interest receivable	-		84,780	84,780
Notes receivable	7,590,043	23,114,632	(3,474,782)	27,229,893
Effective interest rate	4.00%	4.00%		
Advances from escrow	-	-	1,675,000	1,675,000
Funds held in trust	-	-	6,265,957	6,265,957
Deferred financing costs	-	-	2,657,543	2,657,543
Total assets	41,121,592	23,114,632	8,305,878	72,542,102
Liabilities and Surplus				
Accounts payable	-	-	152,162	152,162
Accrued interest payable	-	-	682,622	682,622
Notes payable	11,700,710	53,583,474	-	65,284,184
Effective interest rate	0.81%	0.10%		
Funds held in trust	-	-	6,265,957	6,265,957
Surplus	-	-	157,177	157,177
Total liabilities and surplus	11,700,710	53,583,474	7,257,918	72,542,102
Interest rate sensitivity gap	29,420,882	(30,468,842)	1,047,960	-

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Island Waste Management Corporation
Consolidated Financial Statements
March 31, 2005

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Directors of
Island Waste Management Corporation

We have audited the consolidated statement of financial position of Island Waste Management Corporation as at March 31, 2005 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Island Waste Management Corporation as at March 31, 2005 and the results of its operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown, Prince Edward Island
June 28, 2005
September 6, 2005 as to Note 3

Grant Thornton LLP
Chartered Accountants

P.O. Box 187
Suite 501
199 Grafton Street
Charlottetown, P.E.I
C1A 7K4
T (902) 892-6547
F (902) 566-5358
E Charlottetown@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

Island Waste Management Corporation
Consolidated Statements of Operations and Changes in Net Assets

Year Ended March 31	2005	2004
Revenues		
Household user fees	$ 9,162,034	$ 8,770,392
Tippage fees	6,181,992	6,580,517
Tire collection and disposal	445,196	430,897
Other	41,812	120,934
	15,831,034	15,902,740
Expenditures		
Administration (Page 11)	1,446,807	1,692,115
Advertising, education and public relations (Page 11)	111,165	137,249
Operational costs		
Collection (Page 12)	6,691,924	6,331,884
Disposal (Pages 13 – 15)	5,996,065	6,010,847
Tire collection and disposal (Page 16)	386,706	369,516
	14,632,667	14,541,611
Excess revenues over expenditures before interest on long term debt and depreciation and amortization	1,198,367	1,361,129
Interest on long term debt	1,945,213	1,986,188
Excess expenditures over revenues before depreciation and amortization	(746,846)	(625,059)
Depreciation and amortization	2,290,633	2,212,808
Excess expenditures over revenues	(3,037,479)	(2,837,867)
Government assistance, deficit relief (Note 3)	6,582,613	-
Increase (decrease) in net assets	$ 3,545,134	$ (2,837,867)

Deficit, beginning of year	$ (3,545,134)	$ (707,267)
Increase (decrease) in net assets	3,545,134	(2,837,867)
Net assets (deficit), end of year	$ -	$ (3,545,134)

See accompanying notes to the financial statements.

Island Waste Management Corporation
Consolidated Statement of Financial Position

March 31	2005	2004
Assets		
Current		
Receivables (Note 4)	**$ 9,878,384**	$ 3,652,300
Investment held in trust (Note 5)	**200,000**	-
Prepaids	**15,361**	18,652
	10,093,745	3,670,952
Performance deposits	**106,000**	107,000
Investment held in trust (Note 5)	-	200,000
Intangible assets (Note 6)	**863,364**	888,043
Capital assets (Note 7)	**26,751,433**	28,594,397
	$ 37,814,542	$ 33,460,392
Liabilities		
Current		
Bank indebtedness (Note 8)	**$ 50,601**	$ 624,875
Short term borrowings (Note 9)	**4,290,000**	2,790,000
Payables and accruals	**1,275,363**	946,498
Current portion of long term debt	**769,128**	723,633
	6,385,092	5,085,006
Contractor deposits	**107,000**	107,000
Long term debt (Note 10)	**30,254,867**	31,023,958
Asset retirement obligation (Note 11)	**1,067,583**	789,562
	37,814,542	37,005,526
Net assets (deficit)	-	(3,545,134)
	$ 37,814,542	$ 33,460,392

Commitments (Note 12)

On behalf of the Board

______________________ Director ______________________ Director

See accompanying notes to the financial statements.

Island Waste Management Corporation
Consolidated Statement of Cash Flows

Year Ended March 31	2005	2004
Increase (decrease) in cash and cash equivalents		
Operating		
Cash received from customers	**$ 16,222,511**	$ 13,602,048
Cash payments to suppliers	**(12,134,795)**	(12,067,076)
Cash payments to employees	**(2,096,440)**	(2,206,643)
Interest paid	**(2,009,959)**	(2,027,111)
	(18,683)	(2,698,782)
Financing		
Proceeds from issuance of long term debt	**-**	168,000
Repayment of long term debt	**(723,596)**	(1,124,458)
Repayment of capital lease obligations	**-**	(8,510)
Proceeds from short term borrowings	**1,500,000**	2,790,000
Contractor deposits refunded, net	**-**	(3,000)
	776,404	1,822,032
Investing		
Decrease in performance deposits	**1,000**	3,000
Investment held in trust	**-**	(200,000)
Purchase of intangible assets	**(89,248)**	-
Purchase of capital assets	**(95,199)**	(3,135,959)
	(183,447)	(3,332,959)
Net increase (decrease) in cash and cash equivalents	**574,274**	(4,209,709)
Bank indebtedness, net of cash and cash equivalents		
Beginning of year	**(624,875)**	3,584,834
End of year	**$ (50,601)**	$ (624,875)

See accompanying notes to the financial statements.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2005

1. Nature of operations

The corporation is a Prince Edward Island crown corporation established under the provisions of the *Environmental Protection Act* and therefore is exempt from income taxes under paragraph 149(1)(d) of the Canadian *Income Tax Act*. The corporation's objective is to implement and manage a province-wide waste management system. This includes the collection and disposal of solid waste generated in Prince Edward Island.

2. Summary of significant accounting policies

Principles of consolidation
The consolidated financial statements include the accounts of the corporation and its wholly owned subsidiary, IWMC Capital Holdings Corporation, after the elimination of inter-company transactions and balances.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks, net of bank overdrafts, and short term investments with original maturities of 90 days or less.

Depreciation
Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated lives are as follows:

Buildings	20 yrs,	straight line
Landfill cells	5 yrs and 6 yrs,	straight line
Compost facility	25 yrs,	straight line
Waste Watch drop-off centers	12 yrs and 15 yrs,	straight line
Waste and compost carts	10 yrs and 15 yrs,	straight line
Site equipment	10 yrs,	straight line and
	20%,	declining balance
Motor vehicles	30%,	declining balance
Office equipment	20%,	declining balance
Computer equipment	30%,	declining balance
Computer software	30% and 50%,	declining balance
Leasehold improvements	5 yrs,	straight line
Signage	20%,	declining balance

No depreciation is taken in the year of disposal.

Amortization
Rates and bases of amortization applied to write-off the cost of intangible assets over their estimated lives are as follows:

Update at PEI Energy Systems	10 yrs,	straight line
Waste Watch implementation costs	10 yrs,	straight line

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2005

3. Government assistance, deficit relief

Cabinet of the Province of Prince Edward Island has determined that Government will relieve Island Waste Management Corporation from its accumulated deficit as at March 31, 2005.

4. Receivables

	2005	2004
Trade	**$ 493,353**	$ 687,000
Province of Prince Edward Island household user fees	**2,613,225**	2,195,884
Government assistance, deficit relief (Note 3)	**6,582,613**	-
Other	**27,269**	24,563
Goods and services tax, net	**161,924**	744,853
	$ 9,878,384	$ 3,652,300

5. Investment held in trust

The corporation holds in trust $200,000, as part of an agreement with the Community of Miltonvale Park dated July 10, 2000, to provide area residents with the infrastructure for delivery of domestic water services. Upon fulfillment of the agreement the funds will be returned to the corporation. In the event that the corporation is unable to substantially commence the undertaking by July 13, 2005 then the Community of Miltonvale Park may demand payment of the funds from the trustee plus accrued interest. The corporation would then be released from its obligation.

6. Intangible assets

			2005	2004
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Update at PEI Energy Systems	$ 371,966	$ 117,550	**$ 254,416**	$ 197,902
Waste Watch implementation costs	811,930	202,982	**608,948**	690,141
	$ 1,183,896	$ 320,532	**$ 863,364**	$ 888,043

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2005

7. Capital assets

			2005	2004
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 504,420	$ -	**$ 504,420**	$ 504,420
Buildings	45,102	6,771	**38,331**	40,586
Landfill cells	2,873,815	1,597,962	**1,275,853**	1,694,229
Compost facility	21,163,594	2,091,224	**19,072,370**	19,918,913
Waste Watch drop-off centers	1,269,552	208,138	**1,061,414**	1,122,930
Waste and compost carts	4,953,712	769,165	**4,184,547**	4,521,473
Site equipment	330,498	153,438	**177,060**	215,737
Motor vehicles	657,510	399,816	**257,694**	337,588
Office equipment	84,008	44,352	**39,656**	41,483
Computer equipment	172,458	120,669	**51,789**	72,639
Computer software	157,834	108,448	**49,386**	73,118
Leasehold improvements	71,879	34,640	**37,239**	49,188
Signage	4,360	2,686	**1,674**	2,093
	$ 32,288,742	$ 5,537,309	**$ 26,751,433**	$ 28,594,397

8. Bank indebtedness

The corporation is party to a centralized banking agreement among the Government of Prince Edward Island, Crown Entities, and the bank.

Bank indebtedness consists of bank balances of $736,008, outstanding deposits of $33,014 and outstanding cheques of $819,623.

9. Short term borrowings

	2005	2004
2.8% promissory notes payable to the Province of Prince Edward Island.	**$ 4,290,000**	$ 2,790,000

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2005

10. Long term debt	**2005**	2004
Loan from Province of Prince Edward Island, non-interest bearing, no set terms of repayment.	**$ 859,562**	$ 859,562
4.22% debenture amortized to and maturing in June 2008, payable in monthly instalments of principal and interest of $3,110.	**113,577**	145,361
6.40% debenture amortized to and maturing in December 2027, payable in quarterly instalments of principal and interest of $599,547. The debenture is unconditionally secured by the Province of Prince Edward Island.	**28,633,775**	29,177,538
5.61% debenture amortized to and maturing in September 2012, payable in quarterly instalments of principal and interest of $58,193. The debenture is issued by the Province of Prince Edward Island.	**1,417,081**	1,565,130
	31,023,995	31,747,591
Less: current portion	**769,128**	723,633
	$ 30,254,867	$ 31,023,958

Annual principal repayments in each of the next five years are due as follows: 2006 - $769,128; 2007 - $817,505; 2008 - $868,946; 2009 - $895,651; 2010 - $942,536.

11. Asset retirement obligation

The following presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement, including the capping, closure, and post-closure costs of landfill cells:

	2005	2004
Asset retirement obligation, beginning of year	**$ 789,562**	$ 435,160
Liabilities incurred	**238,543**	332,644
Accretion expense	**39,478**	21,758
Asset retirement obligation, end of year	**$1,067,583**	$ 789,562

The total undiscounted amount of estimated cash flows required to settle the obligation is $1,500,000 (2004 - $1,500,000), which has been discounted using a credit-adjusted risk-free rate of 5 percent. Most of these obligations are not expected to be paid for several years in the future and will be funded from general corporation resources at the time of closure.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements

March 31, 2005

12. Commitments

The corporation conducts a portion of its operations, the compost facility, pursuant to an operating agreement dated November, 2001, effective October 1, 2002. The agreement provides for the payment by the corporation to the operator of the facility a minimum annual fee plus an excess tonnage fee. The minimum annual fee commitments for the next three years, excluding the excess tonnage fees, under the operating agreement are as follows:

2006	$ 1,387,500
2007	$ 1,412,500
2008	$ 712,500

The corporation has entered into agreements to lease office and storage space. Minimum rent payable for the next five years on these leases are as follows:

2006	$ 46,500
2007	$ 46,500
2008	$ 38,475
2009	$ 14,400
2010	$ 14,400

The corporation has entered into various agreements for the collection of recyclables, waste and compost materials. Minimum payments for the contracts currently in place for the next four years on these contracts are as follows:

2006	$ 3,246,000
2007	$ 2,640,000
2008	$ 1,441,000
2009	$ 113,000

The contracts referred to above begin to expire in December 2005. It is management's intention to replace these contracts.

The corporation has entered into an agreement to supply PEI Energy Systems with a minimum of 30,617 tons of waste annually. The agreement is for 30 years, expiring in August 2025. Any shortage is the responsibility of the corporation. Annual processing costs for the waste are estimated at $1,700,000.

The company is undertaking the construction of an additional landfill cell. The cell is budgeted to cost $1,700,000 and will be financed by long term debt funded by the Province of Prince Edward Island.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2005

13. Credit risk

The corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the corporation provides services may experience financial difficulty and be unable to fulfill their obligations.

Before engaging in providing services to clients, the company performs a credit risk evaluation and regularly monitors its accounts. Household user fees are collected by the Province of Prince Edward Island through its provincial tax system.

14. Other matters

Costs associated with the closure and decommissioning of provincial dump sites are the responsibility of the Province of Prince Edward Island.

15. Subsequent event

Subsequent to year end, the corporation purchased equipment at a cost of $600,000.

16. Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Administration

Year Ended March 31	2005	2004
Dues and memberships	**$ 3,676**	$ 3,196
Insurance	**14,550**	16,241
Interest and bank charges	**64,746**	40,923
Miscellaneous	**5,175**	10,192
Office equipment	**8,154**	5,818
Office supplies	**24,169**	34,675
Professional fees	**82,555**	123,456
Rent	**68,465**	77,332
Repairs and maintenance	**9,906**	14,794
Salaries and management	**1,029,578**	1,210,594
Telecommunications	**75,338**	98,113
Travel and vehicle	**51,898**	48,956
Utilities	**8,597**	7,825
	$ 1,446,807	$ 1,692,115

Advertising, Education and Public Relations

	2005	2004
Advertising	**$ 5,378**	$ 8,572
Education	**53,582**	105,342
Public relations	**19,495**	3,308
Salaries, wages, and benefits	**32,710**	20,027
	$ 111,165	$ 137,249

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31	2005	2004
Collection		
Cart purchases	**$ 690**	$ 1,635
Cart storage	**111**	9,652
Leases - carts	**-**	7,907
Other collection costs	**26,088**	27,096
Recyclable collection contracts	**977,283**	869,843
Salaries, wages, and benefits	**123,279**	111,970
Tippage on residential waste and compost	**2,785,269**	2,569,088
Vehicle and supplies	**65,756**	64,429
Waste and compost collection contracts	**2,713,448**	2,670,264
	$6,691,924	$6,331,884

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Disposal

Year Ended March 31	2005	2004
East Prince Waste Management Facility		
Accretion	$ 39,478	$ 21,758
Equipment rental	34,573	54,251
Equipment leases	-	43,568
Gas and oil	37,027	34,762
Hazardous waste	21,610	20,942
Leachate disposal	276,587	275,056
Office and miscellaneous	15,658	8,885
Repairs and maintenance	340,685	195,192
Salaries, wages, and benefits	265,161	248,856
Security	7,756	7,562
Supplies and materials	45,523	30,788
Telephone	4,082	4,974
Travel and conference	4,135	2,861
Utilities	10,929	10,719
	$ 1,103,204	$ 960,174
Disposal Fee Program		
Bank charges	$ 4,927	$ 1,828
Repairs and maintenance	-	2,998
Salaries, wages, and benefits	80,161	74,723
Supplies and office	9,083	9,362
Telephone	2,418	2,885
Travel	6,467	6,430
	$ 103,056	$ 98,226
Queens County Regional Landfill		
Other	$ 1,700	$ 2,109
Repairs and maintenance	1,057	3,508
Security	-	264
Signage	-	138
Utilities	1,390	1,388
	$ 4,147	$ 7,407

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31	2005	2004
Disposal		
Energy from Waste		
Fly ash disposal	**$ 275,748**	$ 296,752
PEI Energy Systems contract	**1,751,976**	1,641,216
Repairs and maintenance – scale	**3,717**	2,253
Scale house supplies	**3,051**	2,851
Salaries, wages, and benefits	**92,460**	86,592
	$ 2,126,952	$ 2,029,664
Central Composting Facility		
Contract	**$ 1,452,672**	$ 1,665,201
Hauling of contaminants	**-**	10,266
Insurance	**56,967**	109,394
Property tax	**181**	111
Salaries, wages, and benefits	**108,214**	100,999
Supplies	**20,800**	17,735
	$ 1,638,834	$ 1,903,706
Waste Watch Drop-Off Centers		
Blue bag disposal	**$ 12,707**	$ 11,710
Green Isle Environmental contract	**237,342**	243,164
Household hazardous waste	**166,609**	102,505
Material and supplies	**9,805**	5,155
Miscellaneous	**575**	482
Repairs and maintenance	**130,641**	116,776
Salaries, wages, and benefits	**193,585**	178,996
Security	**1,536**	1,269
Signage	**84**	2,115
Telephone	**3,609**	5,479
Travel	**6,548**	5,923
Utilities	**6,862**	7,087
	$ 769,903	$ 680,661
Transportation of Material		
Contract hauling	**$ 6,476**	$ 42,212
Motor vehicle	**62,904**	45,744
Supplies	**2,277**	2,512
Salaries, wages and benefits	**91,373**	83,837
	$ 163,030	$ 174,305

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31	2005	2004
Disposal		
Other Sites		
Rent	$ -	$ 25
Repairs and maintenance	-	35,119
	$ -	$ 35,144
Other Disposal Costs		
Salaries, wages and benefits	$ 50,044	$ 49,631
Scrap metal disposal	545	45,074
Supplies	5,846	7,993
Travel	11,144	18,443
Water testing	19,360	419
	$ 86,939	$ 121,560
Total	$ 5,996,065	$ 6,010,847

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31	2005	2004

Tire Collection and Disposal

	2005	2004
Equipment rental	$ 2,747	$ 27,693
Salaries, wages and benefits	29,875	40,418
Repairs and maintenance	3,234	12,474
Tires and wire	227,712	242,373
Tire recycling	82,463	46,558
Trailer transportation	40,675	-
	$ 386,706	$ 369,516

Kings Health Region
Financial Statements
March 31, 2005

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Directors of
Kings Health Region

We have audited the statement of financial position of Kings Health Region as at March 31, 2005 and the statements of revenue and expenses, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Kings Health Region as at March 31, 2005 and the results of its operations, cash flows, and tangible capital assets for the year then ended in accordance with Canadian public sector accounting recommendations.

The comparative figures for 2004 are based on financial statements audited by another firm of chartered accountants.

Grant Thornton LLP

Montague, Prince Edward Island
June 14, 2005

Grant Thornton LLP
Chartered Accountants

P.O. Box 70
Montague, P.E.I.
C0A 1R0
T (902) 838-4121
F (902) 838-4802
E Montague@GrantThornton.ca
W www.GrantThornton.ca

Kings Health Region
Statement of Revenue and Expenses

Year Ended March 31	2005	2004
Revenue		
Grants		
Department of Health and Social Services	**$ 32,454,072**	$ 31,177,834
Eastern Kings Family Health Centre	**619,226**	745,002
Physician services	**683,326**	584,491
Health and promotion	**49,536**	-
Medical equipment fund	**-**	178,500
Donations		
Eastern Kings Health Foundation Inc. (Note 10)	**150,979**	122,028
Kings County Memorial Hospital Foundation Inc. (Note 11)	**151,049**	104,060
Hospital Revenues (Page 12)		
Kings County Memorial Hospital	**251,983**	282,971
Souris Hospital	**249,142**	278,755
Other		
Employment Pathways (Note 12)	**202,121**	198,160
Interest	**28,688**	36,915
Other (expense) income	**(6,892)**	1,448
	34,833,230	33,710,164
Expenses		
Child and Family Services – Montague (Page 13)	**5,397,173**	5,014,964
Child and Family Services – Souris (Page 13)	**2,668,981**	2,492,446
Colville Manor (Page 13)	**3,237,545**	3,239,737
Community Health Center – Montague (Page 13)	**837,246**	760,231
Eastern Kings Family Health Centre (Page 13)	**619,226**	745,000
Employment Pathways (Note 12)	**202,121**	198,160
Grants – non-governmental organizations	**1,728,916**	1,606,814
Health Promotion & Education (Page 14)	**40,624**	-
Home Care and Support (Page 14)	**2,186,474**	2,114,198
Job Creation Program – Montague (Page 14)	**196,787**	271,729
Job Creation Program – Souris (Page 14)	**106,920**	197,598
Kings County Memorial Hospital (Page 14)	**5,466,978**	5,329,389
Mental Health and Addiction Services – Souris (Page 14)	**1,331,997**	1,276,869
Physician Services – Montague (Page 14)	**741,326**	650,337
Public Health and Diabetes – Souris (Page 15)	**431,861**	355,500
Regional Services (Page 15)	**1,678,774**	1,608,864
Riverview Manor (Page 15)	**2,988,684**	2,980,546
Seniors Housing (Page 15)	**994,226**	918,233
Souris Hospital (Page 15)	**3,977,371**	3,949,549
	34,833,230	33,710,164
Excess revenue	**$ -**	$ -

See accompanying notes to the financial statements.

Kings Health Region
Statement of Financial Position

March 31	2005	2004
Assets		
Current		
Cash and cash equivalents (Note 5)	**$1,345,630**	$3,689,715
Receivables (Note 6)	**4,410,850**	2,274,814
Prepaids	**359,130**	367,568
	$6,115,610	$6,332,097
Liabilities		
Current		
Payables and accruals (Note 7)	**$2,999,379**	$3,173,120
Accrued vacation pay	**1,614,859**	1,656,683
Accrued retirement allowance (Note 8)	**1,379,599**	1,376,502
Deferred revenue (Note 9)	**121,773**	125,792
	$6,115,610	$6,332,097

On behalf of the Board

____________________ Director ____________________ Director

See accompanying notes to the financial statements.

Kings Health Region
Statement of Cash Flows

Year Ended March 31	**2005**	2004
Increase (decrease) in cash and cash equivalents		
Operating		
Cash received from		
Provincial government for operations	**$ 31,168,579**	$ 34,228,153
Donations	**209,083**	193,200
Operations	**1,019,233**	685,843
Cash paid for		
Operations	**(1,247,284)**	(1,304,359)
Wage assistance grants	**(141,137)**	(272,216)
Salaries and benefits	**(22,657,820)**	(21,482,771)
Grants – non-governmental organizations	**(1,728,916)**	(1,606,814)
Materials and services	**(3,134,952)**	(3,604,234)
Financial assistance	**(5,342,661)**	(4,847,514)
Building and equipment	**(488,210)**	(485,164)
Net (decrease) increase in cash and cash equivalents	**(2,344,085)**	1,504,124
Cash and cash equivalents		
Beginning of year	**3,689,715**	2,185,591
End of year	**$ 1,345,630**	$ 3,689,715

See accompanying notes to the financial statements.

Kings Health Region
Statement of Tangible Capital Assets

Year Ended March 31

					2005	2004
	Land	Paving	Buildings	Equipment	**Total**	Total
Kings County Memorial Hospital						
Cost of Tangible Capital Assets						
Opening cost	$ 1,469	$ 81,608	$ 1,348,427	$ 1,432,670	**$ 2,864,174**	$ 2,712,953
Additions	-	-	-	151,049	**151,049**	151,221
Closing cost	1,469	81,608	1,348,427	1,583,719	**3,015,223**	2,864,174
Accumulated Depreciation						
Opening balance	-	24,483	729,052	780,058	**1,533,593**	1,403,560
Add: depreciation	-	8,161	33,710	97,604	**139,475**	130,034
Closing balance	-	32,644	762,762	877,662	**1,673,068**	1,533,594
Net Carrying Amount of Tangible Capital Assets	$ 1,469	$ 48,964	$ 585,665	$ 706,057	**$ 1,342,155**	$ 1,330,580
Souris Hospital						
Cost of Tangible Capital Assets						
Opening cost	$ 56,250	$ -	$ 7,878,249	$ 1,445,837	**$ 9,380,336**	$ 9,250,593
Additions	-	-	-	162,041	**162,041**	129,743
Closing cost	56,250	-	7,878,249	1,607,878	**9,542,377**	9,380,336
Accumulated Depreciation						
Opening balance	-	-	2,813,847	935,024	**3,748,871**	3,461,550
Add: depreciation	-	-	196,956	100,492	**297,448**	287,321
Closing balance	-	-	3,010,803	1,035,516	**4,046,319**	3,748,871
Net Carrying Amount of Tangible Capital Assets	$ 56,250	$ -	$ 4,867,446	$ 572,362	**$ 5,496,058**	$ 5,631,465
Total Carrying Amount of Tangible Capital Assets	**$ 57,719**	**$ 48,964**	**$ 5,453,111**	**$ 1,278,419**	**$ 6,838,213**	**$ 6,962,045**

See accompanying notes to the financial statements.

Kings Health Region
Notes to the Financial Statements
March 31, 2005

1. Nature of operations

Authority
Kings Health Region is a non-profit organization incorporated under the *Health and Community Services Act*, Part III. The corporation is exempt from income taxes under Section 149 of the *Income Tax Act*. Kings Health Region is responsible for the management of the following core program health services:

- Child and Family Services
- Colville Manor
- Community Health Centre
- Eastern Kings Family Health Centre
- Home Care and Support
- Job Creation Program
- Kings County Memorial Hospital
- Mental Health and Addiction Services
- Physicians Services
- Public Health and Diabetes
- Regional Services
- Riverview Manor
- Seniors Housing
- Souris Hospital

2. Subsequent events

The April 7, 2005 Provincial budget included the announcement of the dissolution of all the Health Regions with their operation combined into one of either the Department of Health or the Department of Social Services and Seniors. At the time of statement preparation, there is no confirmed schedule for these transfers to take place.

To facilitate the above dissolution of the Health Regions, the Provincial Government has also announced a Workforce Renewal Program. This involves a Voluntary Retirement Plan and a Voluntary Severance Plan. Along with several front-line staff and some managers, the Director of Acute and Continuing Care in Montague along with the Chief Executive Officer have decided to leave their posts in Kings Health Region on or before June 30, 2005.

3. Change in accounting policy

During the year, the Region changed its method of reporting future retirement allowances within the Recommendations in Section PS 3255 of the CICA Handbook.

As a result, the March 31, 2004 figures presented for comparative purposes have been restated from those previously reported. Accrued retirement allowances have increased to $1,376,502 and the payable to Department of Health and Social Services has been reduced by the same amount.

4. Summary of significant accounting policies

Basis of accounting

Kings Health Region follows the accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Kings Health Region
Notes to the Financial Statements
March 31, 2005

4. **Summary of significant accounting policies** (con't)

Revenue recognition
The Kings Health Region follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Tangible capital assets
Acquired physical assets are expensed as a component of program costs in the year of acquisition. The Region has assumed ownership of the tangible capital assets of the Kings County Memorial Hospital and Souris Hospital only. The Region has assumed operational maintenance responsibility for the other tangible capital assets in the region. The Statement of Tangible Capital Assets (page 5) provides details of tangible capital asset additions that are owned by the Region and were expensed in the year, the accumulated cost of tangible capital assets owned by the Region and the unconsumed cost of these assets. Rates and basis to calculate the unconsumed cost of assets are as follows:

Paving	10%,	straight-line
Buildings	2 1/2%,	straight-line
Equipment	6 1/4% - 33 1/3%,	straight-line

Inventory in the amount of $298,454 (2004 - $262,639) has not been reflected on the balance sheet.

Financial assistance
Financial assistance overpayments are recorded as receivable when identified with a full provision as doubtful accounts. Recoveries of financial assistance overpayments are credited to financial assistance expenditures when received.

Vacation pay and retiring allowances
Vacation pay is recorded as a liability when earned.

Retirement allowance is actuarially determined based on assumptions and calculations provided by the Province of Prince Edward Island.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of three months or less.

Sick leave obligation
Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for the Region to settle these amounts with cash payments. Consequently, no liability has been accrued in these financial statements. The estimated liability for sick leave obligations at March 31, 2005 is $6,073,576 (2004- $5,984,594).

Kings Health Region
Notes to the Financial Statements
March 31, 2005

4. Summary of significant accounting policies (con't)

Pension costs
Employees of the Region belong to different pension plans according to their historical workplace. New employees to the Region are part of the uniform pension plan for employees of all Prince Edward Island Health Regions. Employees who had previously been an employee of the Government of Prince Edward Island prior to the formation of the Health Regions had the option to remain within the uniform pension plan of the civil service of Prince Edward Island.

The uniform pension plan is a defined benefit pension plan for basic pension contributions and defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report as of January 1, 2000, employer contributions to the pension plan are sufficient to meet the requirements of the plan and a pension fund surplus existed at this point. The uniform pension plan is not reflected in these financial statements.

The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island and are not reflected in these financial statements.

General
These financial statements do not include the assets, liabilities and activities of the Kings County Memorial Hospital Foundation Inc., the Kings County Memorial Hospital Auxiliaries or the Eastern Kings Health Foundation Inc. Separate audited financial statements are issued for each of these entities.

5. Cash and cash equivalents

	2005	2004
Restricted		
Colville Manor – Resident Council Fund	$ 3,091	$ 4,005
Colville Manor - Resident Trust Fund	9,811	11,389
Deferred revenue (Note 9)	121,773	125,792
Deferred salary plan	136,634	76,511
Riverview Manor – Resident Trust Fund	16,995	16,386
	288,304	234,083
Unrestricted	1,057,326	3,455,632
	$ 1,345,630	$ 3,689,715

6. Receivables

	2005	2004
Trade	$ 1,220,421	$ 1,568,167
Employees	427,345	475,790
Department of Health and Social Services		
Operating grant	2,439,282	-
Kings County Memorial Hospital Foundation Inc.	161,761	96,155
Eastern Kings Health Foundation Inc.	162,041	134,702
	$ 4,410,850	$ 2,274,814

Kings Health Region
Notes to the Financial Statements
March 31, 2005

7. Payables and accruals

	2005	2004
Colville Manor – Resident Council Fund	**$ 3,091**	$ 4,005
Colville Manor – Resident Trust Fund	**9,811**	11,389
Deferred salary plan	**136,635**	76,511
Department of Health and Social Services		
Operating grant	**-**	201,396
Employees	**1,233,280**	1,344,965
Riverview Manor – Resident Trust Fund	**16,995**	16,386
Trade	**1,599,567**	1,518,468
	$ 2,999,379	$ 3,173,120

8. Accrued retirement allowance

An analysis of the components of and changes in retirement allowance liabilities is as follows:

	2005	2004
Balance, beginning of year	**$ 1,376,502**	$ 1,209,950
Current service cost	**95,567**	91,690
Interest accrued	**89,982**	84,443
Less payments made	**(182,452)**	(9,581)
Balance, end of year	**$ 1,379,599**	$ 1,376,502

The retirement allowance numbers are based on an independent actuarial valuation provided to the Pension and Benefits Division of the Province Of Prince Edward Island Civil Service Commission estimating the components of the total provincial retirement allowance as of April 1, 2002. The Province Of Prince Edward Island projects the total liability in the years between the tri-annual actuarial valuations and has allocated the liability to the five Health Regions. The next independent actuarial valuation is to be provided for the next fiscal period.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuations and projections are:

Rate of return	6.75% per annum
Expected inflation rate	2.5% per annum
Expected average remaining service life	13 years

Kings Health Region
Notes to the Financial Statements
March 31, 2005

9. Deferred revenue

	Balance Beginning of Year	Grants	Expenses	Balance End of Year
Capital Projects	$ 38,210	$ -	$ -	$ 38,210
Community Mental Health	23,640	-	(6,129)	17,511
Diabetes Primary Prevention	29,471	-	-	29,471
Healthy Community in Action	4,956	-	-	4,956
Medical Equipment	1,880	-	(1,880)	-
Riverview Manor Day Program and Activities	20,635	3,990	-	24,625
Speech Language Pathology	7,000	-	-	7,000
	$ 125,792	$ 3,990	$ (8,009)	$ 121,773

10. Eastern Kings Health Foundation Inc.

The Kings Health Region has an economic beneficial interest in the Eastern Kings Health Foundation Inc. The primary purpose of the Foundation is to raise funds for the benefit of the Souris Hospital, Colville Manor, Home Care, Addiction Services, and Child and Family Services. As the Region does not exercise control or significant influence over the Foundation, its activities have not been consolidated within these financial statements except to the extent of actual contributions received during the year.

11. Kings County Memorial Hospital Foundation Inc.

The Region has an economic beneficial interest in the Kings County Memorial Hospital Foundation Inc. The primary purpose of the Foundation is to raise funds for the benefit of the Kings County Memorial Hospital. As the Region does not exercise control or significant influence over the Foundation, its activities have not been consolidated within these financial statements except to the extent of actual contributions received during the year.

Kings Health Region
Notes to the Financial Statements
March 31, 2005

12. Employment Pathways

Employment Pathways is a program designed to promote employability and employment maintenance for clients of the Kings Health Region. Kings Health Region is the primary sponsor of the program with funding being provided by Human Resources Development Canada from the Labour Market Development Agreement - Employment Assistance Services fund. The contract for funding under this agreement expires February 24, 2006. Revenues and expenditures are as follows:

	2005	2004
Revenues		
Human Resources Development Canada	**$ 202,022**	$ 197,488
Miscellaneous	**99**	672
	$ 202,121	$ 198,160
Expenditures		
Administration	**$ 20,072**	$ 19,565
Equipment	**631**	366
Materials, supplies, and services	**6,308**	9,073
Professional and contract services	**13,860**	-
Salaries and benefits	**152,710**	164,081
Travel and training	**8,540**	5,075
	$ 202,121	$ 198,160

13. Other matters

The Region acts as an agent for the Province of Prince Edward Island for the collection of Riverview Manor and Colville Manor resident fees. During the year $1,838,333 (2004 - $1,779,929) was collected from residents. The fees collected reduce the funding receivable from the Department of Health and Social Services. These collections are not reflected as revenue in these financial statements.

14. Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

Kings Health Region
Schedule of Hospital Revenues

Year Ended March 31	2005	2004
Kings County Memorial Hospital		
General services - out patients		
Federal	$ 2,439	$ 2,420
Non-residents	65,339	67,770
Uninsured services	6,184	8,340
Workers' Compensation Board	30,407	44,223
General services - in patients		
Federal	62,498	22,675
Non-residents	16,904	44,890
Uninsured services and differential charges	29,456	35,549
Workers' Compensation Board	4,101	21,160
Other income		
Recoveries		
Dietary	27,217	27,417
Other	7,438	8,527
	$ 251,983	$ 282,971
Souris Hospital		
General services - out patients		
Federal	$ 1,217	$ 770
Non-residents	45,304	27,075
Uninsured services	5,986	10,401
Workers' Compensation Board	9,734	15,904
General services - in patients		
Non-residents	22,594	17,420
Uninsured services and differential charges	42,962	40,725
Workers' Compensation Board	32,220	58,290
Other income		
Recoveries		
Dietary	57,430	62,062
Other	7,179	16,809
Rent	24,516	29,299
	$ 249,142	$ 278,755

Kings Health Region
Schedule of Expenses

Year Ended March 31	2005	2004
Child and Family Services - Montague		
Administration	$ 13,097	$ 6,507
Equipment	847	4,960
Financial assistance - social services	3,925,955	3,448,549
Materials, supplies, and services	1,121	249
Professional and contract services	5,831	7,026
Salaries and benefits	1,397,736	1,484,744
Travel and training	52,586	62,929
	$ 5,397,173	$ 5,014,964
Child and Family Services - Souris		
Administration	$ 26,775	$ 27,520
Equipment	5,723	7,413
Financial assistance - social services	1,416,706	1,398,965
Salaries and benefits	1,184,549	1,026,499
Travel and training	35,228	32,049
	$ 2,668,981	$ 2,492,446
Colville Manor		
Administration	$ 37,184	$ 31,817
Equipment	71,824	74,649
Materials, supplies, and services	306,084	313,509
Professional and contract services	20,527	18,083
Salaries and benefits	2,800,398	2,799,350
Travel and training	1,528	2,329
	$ 3,237,545	$ 3,239,737
Community Health Center - Montague		
Administration	$ 16,981	$ 17,192
Equipment	1,438	2,914
Materials, supplies, and services	(303)	940
Professional and contract services	-	8,000
Salaries and benefits	799,955	714,444
Travel and training	19,175	16,741
	$ 837,246	$ 760,231
Eastern Kings Family Health Centre		
Administration	$ 14,869	$ 14,810
Equipment	1,560	6,888
Materials, supplies, and services	12,994	18,580
Salaries and benefits	585,152	697,190
Travel and training	4,651	7,532
	$ 619,226	$ 745,000

Kings Health Region
Schedule of Expenses

Year Ended March 31	2005	2004
Health Promotion & Education		
Administration	$ 1,403	$ -
Building and equipment	15,667	-
Materials, supplies and services	21	-
Salaries and benefits	22,642	-
Travel and training	891	-
	$ 40,624	$ -
Home Care and Support		
Administration	$ 31,001	$ 11,621
Equipment	24,660	1,183
Materials, supplies, and services	7,903	9,263
Professional and contract services	22,725	27,423
Salaries and benefits	1,952,204	1,912,734
Travel and training	147,981	151,974
	$ 2,186,474	$ 2,114,198
Job Creation Program - Montague		
Administration	$ 2,030	$ 12,300
Grants - wage assistance	87,883	157,666
Salaries and benefits	106,874	101,763
	$ 196,787	$ 271,729
Job Creation Program - Souris		
Administration	$ 1,535	$ 6,499
Grants - wage assistance	53,254	114,550
Salaries and benefits	50,581	74,623
Travel and training	1,550	1,926
	$ 106,920	$ 197,598
Kings County Memorial Hospital		
Administration	$ 48,965	$ 38,802
Building and equipment	154,624	154,542
Materials, supplies and services	853,518	775,679
Professional and contract services	59,035	91,027
Salaries and benefits	4,344,490	4,250,399
Travel and training	6,346	18,940
	$ 5,466,978	$ 5,329,389
Mental Health and Addiction Services - Souris		
Administration	$ 32,312	$ 29,312
Building and equipment	7,711	10,821
Materials, supplies, and services	28,562	37,802
Professional and contract services	3,329	2,785
Salaries and benefits	1,232,181	1,169,654
Travel and training	27,902	26,495
	$ 1,331,997	$ 1,276,869

Kings Health Region
Schedule of Expenses

Year Ended March 31	2005	2004
Physician Services - Montague		
Administration	**$ 82,622**	$ 70,678
Equipment	**8,191**	6,825
Materials, supplies, and services	**16,045**	14,926
Professional and contract services	**4,736**	10,619
Salaries and benefits	**620,645**	541,799
Travel and training	**9,087**	5,490
	$ 741,326	$ 650,337
Public Health and Diabetes - Souris		
Administration	**$ 5,608**	$ 4,053
Building and equipment	**1,401**	2,547
Materials, supplies, and services	**2,679**	4,483
Salaries and benefits	**411,490**	330,236
Travel and training	**10,683**	14,181
	$ 431,861	$ 355,500
Regional Services		
Administration	**$ 158,167**	$ 190,890
Equipment	**21,004**	20,811
Materials, supplies, and services	**27,431**	12,778
Professional and contract services	**78,803**	92,306
Salaries and benefits	**1,342,251**	1,244,966
Travel and training	**51,118**	47,113
	$1,678,774	$1,608,864
Riverview Manor		
Administration	**$ 40,152**	$ 34,367
Equipment	**37,549**	72,721
Materials, supplies, and services	**333,859**	323,837
Professional and contract services	**19,178**	16,545
Salaries and benefits	**2,553,571**	2,528,956
Travel and training	**4,375**	4,120
	$2,988,684	$2,980,546
Seniors Housing		
Administration	**$ 137,333**	$ 149,585
Equipment	**7,295**	1,607
Materials, supplies, and services	**632,528**	580,605
Professional and contract services	**111,641**	100,657
Salaries and benefits	**93,212**	73,341
Travel and training	**12,217**	12,438
	$ 994,226	$ 918,233
Souris Hospital		
Administration	**$ 48,212**	$ 41,729
Building and equipment	**128,716**	117,283
Materials, supplies, and services	**644,329**	703,874
Professional and contract services	**30,030**	31,251
Salaries and benefits	**3,114,949**	3,041,152
Travel and training	**11,135**	14,260
	$3,977,371	$3,949,549

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PRINCE EDWARD ISLAND

AGRICULTURAL INSURANCE CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Agricultural Insurance Corporation

I have examined the balance sheet of the Prince Edward Island Agricultural Insurance Corporation as at March 31, 2005 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
September 14, 2005

STATEMENT 1

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2005

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2005	TOTAL 2004
ASSETS:								
Cash	$ 1,455,302	$ 75,279	$3,391	$154,711	$ -	$ 654,499	$ 2,343,182	$ 2,092,272
Term deposits - Note 3	6,742,706	260,240	-	-	-	-	7,002,946	4,921,598
Accounts receivable								
- Federal interest	-	-	-	-	-	-	-	28,473
- General	6,732	128	5	203	-	1,136	8,204	2,891
- Producer	337,380	-	-	51,287	11,061	242,092	641,820	345,270
- Province of PEI	408,703	1,140	141	53,092	5,888	2,624,385	3,093,349	314,552
- Federal Government	1,087,885	-	1,021	84,758	246,637	3,833,814	5,254,115	4,841,832
	$10,038,708	$336,787	$4,558	$344,051	$263,586	$7,355,926	$18,343,616	$12,546,888
LIABILITIES:								
Overdraft	$ -	$ -	$ -	$ -	$294,125	$ -	$ 294,125	$ 761,713
Accounts payable								
- General	4,080	-	-	-	448	-	4,528	1,051
- Province of PEI	461,008	-	-	270,607	-	731,576	1,463,191	947,703
Indemnities payable	737,813	51,250	-	57,300	-	6,653,076	7,499,439	2,308,324
Deferred revenue	13,753	-	-	-	-	-	13,753	9,975
	1,216,654	51,250	-	327,907	294,573	7,384,652	9,275,036	4,028,766
Contingent liability - Note 4								
SURPLUS (DEFICIT)	8,822,054	285,537	4,558	16,144	(30,987)	(28,726)	9,068,580	8,518,122
	$10,038,708	$336,787	$4,558	$344,051	$263,586	$7,355,926	$18,343,616	$12,546,888

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

STATEMENT 2

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 2005

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2005	TOTAL 2004
REVENUES:								
Insurance premiums								
- Producer	$2,812,658	$ 26,903	$ -	$ -	$ -	$ -	$2,839,561	$1,743,070
- Provincial	2,311,063	13,433	-	-	-	-	2,324,496	1,415,658
- Federal	2,983,679	-	-	-	-	-	2,983,679	2,072,943
	8,107,400	40,336	-	-	-	-	8,147,736	5,231,671
Less: Premium discount	51,438	-	-	-	-	-	51,438	31,868
	8,055,962	40,336	-	-	-	-	8,096,298	5,199,803
Contributions to admin. expenses								
- Provincial	349,080	-	141	3,927	-	275,231	628,379	506,779
- Federal	523,620	-	212	5,889	-	412,847	942,568	760,167
- Producer	-	-	-	-	-	124,905	124,905	-
	872,700	-	353	9,816	-	812,983	1,695,852	1,266,946
Other								
Provincial grant - Note 1(d) - 1(h)	261,241	-	-	53,091	5,888	10,536,893	10,857,113	2,507,756
Federal grant - Note 1(d), 1(e), 1(h)	-	-	-	79,636	8,832	15,805,340	15,893,808	4,708,057
Interest	238,367	6,688	56	77	1,918	521	247,627	216,082
Federal interest on advances	-	-	-	-	-	-	-	11,205
Administration fee	-	-	-	-	-	-	-	11,600
	499,608	6,688	56	132,804	16,638	26,342,754	26,998,548	7,454,700
Total Revenue	9,428,270	47,024	409	142,620	16,638	27,155,737	36,790,698	13,921,449
EXPENSES:								
Indemnities - Note 1(i)	6,705,337	51,250	-	132,727	14,720	26,342,233	33,246,267	8,809,191
Other payments - Note 1(f) - 1(g)	261,241	-	-	-	-	-	261,241	168,200
Administration - Schedule 2	872,700	-	353	9,816	-	812,983	1,695,852	1,266,946
Bad debt (recovery)	13,237	-	-	28,544	-	24,969	66,750	(43,965)
Interest	7,884	-	-	146	3,322	4,278	15,630	27,171
Reinsurance premium - Note 6	954,500	-	-	-	-	-	954,500	699,618
Total Expenses	8,814,899	51,250	353	171,233	18,042	27,184,463	36,240,240	10,927,161
Net income (loss) for the year	613,371	(4,226)	56	(28,613)	(1,404)	(28,726)	550,458	2,994,288
Surplus, (Deficit) beginning of year	8,208,683	289,763	4,502	44,757	(29,583)	-	8,518,122	5,523,834
Surplus, (Deficit) end of year	$8,822,054	$285,537	$4,558	$16,144	$(30,987)	$ (28,726)	$9,068,580	$8,518,122

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2005	TOTAL 2004
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts from producers	$2,304,660	$ 26,911	$ -	$ -	$ -	$ 124,905	$ 2,456,476	$ 1,693,349
Receipts from Provincial Government	2,506,284	12,295	76,027	143,978	100,382	8,845,192	11,684,158	5,490,306
Receipts from Federal Government	4,725,631	-	-	2,085,816	-	12,458,496	19,269,943	4,407,866
Indemnity payments	(6,436,861)	-	-	(1,680,073)	(114,871)	(19,955,697)	(28,187,502)	(7,565,897)
Payments for program administration	(872,700)	-	-	(9,816)	-	(812,983)	(1,695,499)	(1,266,946)
Interest received (paid)	201,338	6,599	(51)	27,549	(3,251)	(5,414)	226,770	174,296
Administration fees received	-	-	-	-	-	-	-	11,600
Reinsurance premiums	(954,500)	-	-	-	-	-	(954,500)	(672,976)
NET INCREASE (DECREASE)	1,473,852	45,805	75,976	567,454	(17,740)	654,499	2,799,846	2,271,598
Balance, beginning of year	6,724,156	289,714	(72,585)	(412,743)	(276,385)	-	6,252,157	3,980,559
Balance, end of year	$8,198,008	$335,519	$ 3,391	$ 154,711	$(294,125)	$ 654,499	$ 9,052,003	$ 6,252,157
As represented by:								
Cash	$1,455,302	$ 75,279	$ 3,391	$ 154,711	$ -	$ 654,499	$ 2,343,182	$ 2,092,272
Bank overdraft	-	-	-	-	(294,125)	-	(294,125)	(761,713)
Term deposits	6,742,706	260,240	-	-	-	-	7,002,946	4,921,598
Total cash and cash equivalents	$8,198,008	$335,519	$ 3,391	$ 154,711	$(294,125)	$ 654,49	$ 9,052,003	$ 6,252,157

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. **Summary of significant accounting policies:**

(a) **Production Insurance (PI) (formerly Crop Insurance Program)**

The Production Insurance program is treated as a separate fund and is intended to be self sustaining. The assets, liabilities and fund balances are segregated.

The agreement negotiated between the federal and provincial governments cover the cost sharing arrangements for insurance premiums and administrative expenses. Insurance revenues include government contributions to insurance premiums as described in Schedule 1. Administration expenses are cost shared 60-40 by federal and provincial governments respectively.

(b) **Bacterial Ring Rot Program (BRRP)**

This program was established in 1995-96 to provide protection against bacterial ring rot infection. The premium is cost shared 33.3% by the province and 66.7% by the producer.

(c) **Agricultural Disaster Insurance Program (ADIP) and Agricultural Income Disaster Assistance (AIDA)**

ADIP and AIDA were agricultural safety net programs available to farmers for 1995-1998 and 1998-1999 tax years. As there are no further payments being made under these programs, program accounts have been combined in the financial statements.

(d) **Canadian Farm Income Program (CFIP)**

The purpose of this program is to provide income support to Canadian producers when, for reasons beyond their control, there is an extreme reduction in their farm income. The program is available for the 2000, 2001 and 2002 taxation years. The federal government contributes 60% and the province 40% towards eligible claim payments and administration.

(e) **PEI Negative Margin Coverage Program (NMCP)**

This is a federal-provincial companion program designed to supplement the Canadian Farm Income Program. Eligible claim payments are cost-shared 60% by the federal government and 40% by the province.

(f) **Seed Incentives (ESPQIP)**

The provincial government provided a subsidy on elite seed producer crop insurance premiums equal to 8% of the total elite seed premiums. Incentive payments of $43,563 (2004-$34,160) are recorded as other payments and are offset by provincial grants in the Production Insurance program.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2005

(g) Environmental Farm Plan

The provincial government provided a subsidy to insured producers of 3% of the total crop insurance premium if the environmental farm plan criteria were met. Incentive payments of $217,678 (2004-$134,040) are recorded as other payments and are offset by provincial grants in the Production Insurance program.

(h) Canadian Agriculture Income Stabilization (CAIS)

Beginning with the 2003 taxation year, CAIS is designed to provide Canadian agricultural producers with a ongoing whole farm risk management tool that provides protection against both small and large decreases in income. The federal government will contribute 60% and the province 40% towards eligible claim payments and administration. The federal and provincial sharing of administration expenses is based on total administration expenses less the producers contribution to administrative expenses.

(i) Indemnity Expense

Indemnity expense includes claims processed, accrual estimates of claims received but not processed and any adjustments to prior years' claims based on additional information received.

(j) Surplus or Deficit/Net Income or Loss

Government policy has been to allow the insurance funds to retain surpluses or recover deficits.

2. Related Party Transactions

In the current year, five board members entered into crop insurance contracts under the Production Insurance program with premiums of $7,447 collected and indemnities of $33,845 paid. Five board members were involved in the Environmental Farm Program receiving program benefits of $720. Three board members were eligible for Canadian Agricultural Income Stabilization program payments of $126,613. Three board members and one agent have accounts receivable of $485 and accounts payable of $16 at year end. These transactions were made on terms similar to those with unrelated parties and were in accordance with requirements of the program.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2005

3. Term Deposits

Term deposits are short term investments maturing within one and one half years valued at cost plus accrued interest at 2.55%, 2.75% and 2.90%. The carrying amount of term deposits approximates their market value.

4. Contingent Liability

On July 23, 2004 the Agricultural Insurance Corporation CFIP Appeal Board decided in favour of a producer regarding his 2000, 2001, and 2002 claim years. This appeal decision affected three other producers. Known amounts have been included in the financial statements, however, the amount of one producer claim, if any, is not yet determinable.

As of September 14, 2005 the PEI Agricultural Insurance Corporation received 47 written notices of appeal on behalf of the CAIS Appeals Subcommittee. These have not yet been heard. As a result, the amount of the claims, if any, is not yet determinable.

5. Fair Value of Financial Instruments

The fair value of the Corporation's cash, accounts receivable, accounts payable and indemnities payable approximates their carrying amounts.

6. Reinsurance Premium Expense

Reinsurance premium expense protects the Prince Edward Island Agricultural Insurance Corporation against potential losses in the Production Insurance Program. The Corporation leverages the Production Insurance premiums and surplus then reinsurance would cover 97.5% of the losses, if any, between 225% and 300% for 2005 (2004-200% and 300%) of the gross net premium earned income. Reinsurance was not used to cover any losses in fiscal years 2004 and 2005.

SCHEDULE 1

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

SCHEDULE OF PRODUCTION INSURANCE FUND SURPLUS OR DEFICIT

FOR THE YEAR ENDED MARCH 31, 2005

	Surplus (Deficit) Start of Year	2005 Changes		Surplus (Deficit) End of Year
		Premiums	Indemnities	
CROP				
Potatoes	$1,413,952	$6,274,943	$(3,282,167)	$4,406,728
Tobacco	1,475,170	11,660	(32,481)	1,454,349
Grain	1,925,393	654,581	(273,553)	2,306,421
Cole crops	(347,007)	199,917	(40,191)	(187,281)
Rutabagas	(155,735)	59,314	(124,117)	(220,538)
Processed peas	61,200	-	-	61,200
Winter wheat	(154,014)	14,981	(3,271)	(142,304)
Soybean	(59,747)	106,361	(30,004)	16,610
Dry bean	(79,352)	5,306	-	(74,046)
Grain corn	50,241	39,122	(4,559)	84,804
Canola hybrid seed	-	25,251	(3,732)	21,519
Forage	-	522,841	(2,513,672)	(1,990,831)
ByPass	-	44,772	(13,688)	31,084
Other	(21,548)	148,351	(383,902)	(257,099)
Total	4,108,553	8,107,400	(6,705,337)	5,510,616
UNALLOCATED SURPLUS (DEFICIT)	4,100,130	(788,692)*	-	3,311,438
	$8,208,683	$7,318,708	$(6,705,337)	$8,822,054

*The change consists of:		
	Premium discount	$ (51,438)
	Net interest revenue	230,483
	Bad debt expense	(13,237)
	Reinsurance premium	(954,500)
		$ (788,692)

INSURANCE PREMIUMS - See Note 1(a)

The producer and the federal and provincial governments contribute 34%, 39% and 27% for comprehensive, 35.26%, 35% and 29.74% for high (blended) and 40%, 20% and 40% for high risk respectively to premiums for the Production Insurance Fund as of March 31, 2005.

SCHEDULE 2

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31, 2005

	PI	ADIP/ AIDA	CFIP	CAIS	Total 2005	Total 2004
ADMINISTRATIVE EXPENSES						
Personnel costs	$652,610	-	$3,736	$648,122	$1,304,468	$ 981,096
Transportation and communication	151,850	-	89	40,539	192,478	151,694
Information costs	6,663	-	20	13,531	20,214	26,357
Professional services	21,059	-	2,013	66,671	89,743	64,128
Accommodations and equipment rental	19,815	-	96	19,058	38,969	24,632
Repairs and maintenance	858	-	-	1,234	2,092	278
Supplies	3,152	-	22	2,654	5,828	12,689
Capital purchases	16,693	-	-	3,259	19,952	6,072
Federal administration fees	-	353	3,840	17,915	22,108	-
	$872,700	$353	$9,816	$812,983	$1,695,852	$1,266,946

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To the Board of Directors of the
PEI Agricultural Research Investment Fund Inc.

I have audited the balance sheet of the PEI Agricultural Research Investment Fund Inc. as at March 31, 2005 and the statements of revenues, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 16, 2005

STATEMENT 1

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

BALANCE SHEET

AS AT MARCH 31, 2005

	2005	2004
ASSETS		
Cash	$ 460,533	$ 550,271
Short-term investments - Note 2	857,386	837,363
Accounts receivable - General	549	71,335
	$1,318,468	$1,458,969
LIABILITY AND SHAREHOLDER'S EQUITY		
Accrued liability	$ 131,435	$ 243,269
Shareholder's equity		
Share capital - Note 4	100	100
Surplus - Statement 2	1,186,933	1,215,600
	1,187,033	1,215,700
	$1,318,468	$1,458,969

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

____

____

STATEMENT 2

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

STATEMENT OF REVENUES, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Revenues		
Provincial grant	$ 133,000	$ 200,000
Interest revenue	26,908	34,726
	159,908	234,726
Expenditures		
Administration	3,835	4,184
Research projects	184,740	319,354
	188,575	323,538
Excess expenditures for the year	(28,667)	(88,812)
Surplus, beginning of year	1,215,600	1,304,412
Surplus, end of year	$1,186,933	$1,215,600

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Province of PEI	$133,000	$400,000
Payments to projects	(225,964)	(201,230)
Payments for administration expenses	(3,694)	(6,689)
Interest received	6,920	9,722
NET INCREASE (DECREASE) IN CASH	(89,738)	201,803
CASH		
Balance, beginning of year	550,271	348,468
Balance, end of year	$460,533	$550,271

(The accompanying notes are an integral part of these financial statements.)

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. Operations

The PEI Agricultural Research Investment Fund Inc. was incorporated on March 31, 1995 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for agricultural research in the Province.

2. Short-Term Investments

Short-term investments are interest bearing investments that are carried at cost plus accrued interest. Since these investments are held for a short period of time, their market value approximates their carrying value.

3. Commitments

In addition to the accrued liability, the corporation has approved six research projects providing for future commitments of:

April 1, 2005 to March 31, 2006	$220,800
April 1, 2006 to March 31, 2007	48,000
	$268,800

4. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2005 there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Agriculture, Fisheries, and Aquaculture, is the sole shareholder.

5. Provincial Administrative Expenses

Costs incurred by the Department of Agriculture, Fisheries and Aquaculture on behalf of the PEI Agricultural Research Investment Fund Inc. in administering this fund are not reflected in the financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

6. Program Status

During 2004-05 a decision was made by the Department of Agriculture, Fisheries and Aquaculture to terminate the ARIF program. As a result, ARIF will no longer be funding new research proposals. The program will be terminated following completion of all previously approved projects and any surplus funds will be retuned to the shareholder.

7. Fair Value of Financial Assets and Liability

The fair value of the entity's cash, short term investments, accounts receivable and the accrued liability approximate their carrying values.

PEI AQUACULTURE AND FISHERIES
RESEARCH INITIATIVE INC.

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To the Board of Directors of the
PEI Aquaculture and Fisheries Research Initiative Inc.

I have audited the balance sheet of the PEI Aquaculture and Fisheries Research Initiative Inc. as at March 31, 2005 and the statements of revenues, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 16, 2005

STATEMENT 1

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

BALANCE SHEET

AS AT MARCH 31, 2005

	2005	2004
ASSETS		
Cash	$196,813	$140,800
Short term investments - Note 2	548,460	754,102
Accounts receivable - Province of PEI	100,000	-
Prepaid expenses	5,625	-
	$850,898	$894,902
LIABILITY AND SHAREHOLDER'S EQUITY		
Accrued liability	$201,877	$123,193
Shareholder's equity		
Share capital - Note 4	100	100
Surplus - Statement 2	648,921	771,609
	649,021	771,709
	$850,898	$894,902

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: ______________________

DIRECTOR: ______________________

STATEMENT 2

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF REVENUES, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Revenues		
Provincial grant	$100,000	$ -
Interest revenue	18,575	23,912
	118,575	23,912
Expenditures		
Administration	7,335	6,528
Research projects	233,928	92,827
	241,263	99,355
Net loss for the year	(122,688)	(75,443)
Surplus, beginning of year	771,609	847,052
Surplus, end of year	$648,921	$771,609

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Province	$ -	$ 50,000
Receipts from investment account	222,500	50,000
Payments to projects	(155,192)	(50,663)
Payments for administration costs	(13,012)	(6,476)
Interest received	1,717	2,632
NET INCREASE IN CASH	56,013	45,493
CASH		
Balance, beginning of year	140,800	95,307
Balance, end of year	$196,813	$140,800

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. Operations

The PEI Aquaculture and Fisheries Research Initiative Inc. was incorporated on March 27, 1996 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for aquaculture, commercial fisheries and processing research in the Province.

2. Short Term Investments

Short term investments are interest bearing investments that are carried at cost plus accrued interest. Since these investments are held for a short period of time, their market value approximates their carrying value.

3. Commitments

In addition to the accrued liability, the corporation has approved two research projects providing for future commitments of:

April 1, 2005 - March 31, 2006	$60,000
April 1, 2006 - March 31, 2007	20,000
	$80,000

4. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2005, there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Agriculture, Fisheries and Aquaculture, is the sole shareholder.

5. Provincial Administrative Expenses

Costs incurred by the Department of Agriculture, Fisheries and Aquaculture on behalf of the PEI Aquaculture and Fisheries Research Initiative Inc. in administering this fund are not reflected in these financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

6. Fair Value of Financial Assets and Liability

The fair value of the entity's cash, short term investments, accounts receivable and the accrued liability approximate their carrying values.

Prince Edward Island Business Development Inc.

Consolidated Financial Statements
March 31, 2005

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
80 Water Street
PO Box 455
Charlottetown Prince Edward Island
Canada C1A 7L1
Telephone (902) 368 3100
Fax (902) 566-5074

May 20, 2005

Auditors' Report

To the Minister of Development and Technology

We have audited the consolidated balance sheet of **Prince Edward Island Business Development Inc.** as at March 31, 2005 and the consolidated statements of revenues and expenditures, retained earnings and contributed surplus and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using differential reporting options available to non-publicly accountable enterprises, as described in note 2 to the financial statements. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Prince Edward Island Business Development Inc.

Consolidated Balance Sheet

As at March 31, 2005

	2005 $	2004 $
Assets		
Current assets		
Cash and short-term investments (note 3)	3,741,565	1,196,293
Accounts receivable (notes 4 and 20)	2,510,965	1,911,427
Accrued interest receivable (note 20)	98,610	283,215
Grant receivable – ACOA	446,131	1,472,250
Inventory (note 4)	55,695	136,846
Prepaid expenses	25,157	2,159
Deposits on equipment	-	197,626
Current portion of loans receivable	3,434,447	6,864,782
Current portion of net investment in leases	7,290	-
Deferred charges	-	3,582,473
	10,319,860	15,647,071
Due from the Province of Prince Edward Island (note 5)	5,535,038	4,601,503
Loans receivable, less current portion (note 6)	32,702,139	20,497,842
Investment in non-marketable securities (note 7)	2,936,621	3,205,502
Property holdings (note 8)	10,241,514	11,356,492
Property and equipment (notes 9 and 20)	30,207,874	31,530,224
Funds held in trust (notes 3, 10 and 20)	2,525,966	3,009,257
Net investment in leases, less current portion (note 11)	570,030	1,007,320
	95,039,042	90,855,211
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 17 and 20)	11,721,353	20,284,509
Provision for payment of guarantees (note 17)	1,397,467	1,497,467
Deferred revenue	55,611	38,240
Deferred contributions	236,634	244,197
Progress billings in excess of work-in-progress	343,929	50,697
Short-term notes payable (note 12)	14,623,648	13,743,916
Current portion of notes payable and long-term debt	2,907,577	1,146,438
Current portion of obligation under capital lease	150,000	70,000
	31,436,219	37,075,464
Funds held in trust (notes 10 and 20)	2,525,964	3,009,257
Notes payable and long-term debt, less current portion (note 13)	44,694,370	33,141,824
Obligation under capital lease, less current portion (note 14)	660,000	810,000
Deferred credits (notes 15 and 20)	13,945,893	15,200,084
Reserve for future expenditures (note 16)	163,613	-
	93,426,059	89,236,629
Contingent liabilities (note 17)		
Equity		
Contributed surplus (note 20 and 22)	1,560,295	1,560,295
Retained earnings	52,688	58,287
	1,612,983	1,618,582
	95,039,042	90,855,211

Approved by the Corporation

_______________________________ Minister

Prince Edward Island Business Development Inc.

Consolidated Statement of Retained Earnings and Contributed Surplus

For the year ended March 31, 2005

	2005 $	2004 $
Retained earnings (deficit) – Beginning of year	58,287	(165,695)
Excess expenditures for the year	(5,599)	(1,971)
	52,688	(167,666)
Transfer of contributed surplus (note 22)	-	225,953
Retained earnings – End of year	52,688	58,287
Contributed surplus – Beginning of year	1,560,295	1,786,248
Transfer to retained earnings (note 22)	-	(225,953)
Contributed surplus – End of year	1,560,295	1,560,295

Prince Edward Island Business Development Inc.

Consolidated Statement of Revenues and Expenditures

For the year ended March 31, 2005

	2005 $	2004 $
Revenue (note 20)		
Grant – Province of P.E.I.	21,849,500	27,927,100
Investment operations	59,874	104,131
Interest on loans receivable	2,397,409	496,188
Guarantee fees	129,007	326,150
Interest from deposits	20,227	20,643
Property operations	3,628,678	3,412,587
Miscellaneous	21,405	21,661
Project revenues	1,002,749	810,810
Retail operations (Schedule)	159,293	206,491
	29,268,142	33,325,761
Expenditures (note 20)		
Operating	7,148,202	7,608,425
Property operations	4,450,672	4,670,470
Development programs	12,585,854	16,847,483
Allowance for possible credit losses and guarantee payments (note 5)	1,250,000	1,578,987
Investment operations	1,216,602	1,096,091
Project costs	338,685	318,593
Retail operations (Schedule)	109,348	125,651
Writedown of assets under capital lease	540,000	-
Amortization – property holdings, property and equipment and deferred costs	3,525,027	2,676,855
Amortization – deferred credits	(1,890,649)	(1,594,823)
	29,273,741	33,327,732
Excess expenditures for the year	(5,599)	(1,971)

Prince Edward Island Business Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2005

	2005 $	2004 $
Cash provided by (used in)		
Operating activities		
Excess expenditures for the year	(5,599)	(1,971)
Items not affecting cash		
Amortization – deferred credits	(1,890,649)	(1,594,823)
Amortization – property holdings, property and equipment and deferred costs	3,525,027	2,676,855
Discount to net present value of net investment in lease	430,000	-
Writedown of assets under capital lease	540,000	-
Increase in due from the Province of Prince Edward Island – allowance for possible losses	(1,075,000)	(1,358,977)
	1,523,779	(278,916)
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable - net	(599,536)	26,428
Decrease (increase) in accrued interest receivable	184,605	(258,949)
Decrease (increase) in grant receivable – ACOA	1,026,119	(1,472,250)
Increase in deposits on equipment	197,626	(197,626)
Decrease (increase) in deferred charges	3,582,473	(3,582,473)
Increase (decrease) in deferred contributions	(7,563)	194,693
Decrease (increase) in prepaid expenses	(22,998)	10,592
Decrease (increase) in inventory	81,151	(38,767)
Decrease in provision for payment of guarantees	(100,000)	(67,043)
Increase (decrease) in accounts payable and accrued liabilities	(8,563,156)	3,612,310
Increase in deferred revenue	17,371	7,921
Increase in progress billings in excess of work in progress	293,232	48,856
	(2,386,897)	(1,995,224)
Financing activities		
Decrease (increase) in due from the Province of P.E.I. – current operations	141,463	(2,716,735)
Increase in deferred credits – net	636,458	1,998,744
Net change in funds held in trust	(483,293)	(3,712,697)
Increase in short-term notes payable	879,732	13,743,916
Increase in notes payable and long-term debt (net)	13,313,685	12,913,727
Decrease in obligation under capital lease	(70,000)	(20,000)
Increase in reserve for future expenditures	163,613	-
	14,581,658	22,206,955
Investing activities		
Purchase of property and equipment – net	(1,938,866)	(1,917,970)
Additions to and purchases of property holdings	(93,133)	(219,575)
Reductions of and proceeds on disposal of property holdings	404,300	212,161
Decrease in investment in non-marketable securities	268,881	494,666
Increase in loans receivable (net)	(8,773,962)	(23,916,903)
	(10,132,780)	(25,347,621)
Increase (decrease) in cash and short-term investments and funds held in trust	2,061,981	(5,135,890)
Cash and short-term investments and funds held in trust – Beginning of year	4,205,550	9,341,440
Cash and short-term investments and funds held in trust – End of year	6,267,531	4,205,550
Supplementary disclosure		
Interest and dividends received	2,660,094	317,181
Interest paid	2,772,781	2,222,830

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2005

1. Status of the Corporation

Prince Edward Island Business Development Inc. is a Crown corporation incorporated under the Prince Edward Island Business Development Inc. Act (formerly Enterprise P.E.I. Act). Its financial results are included in the public accounts of the Province of Prince Edward Island.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) General

These consolidated financial statements include the accounts of the wholly-owned subsidiaries, F.T.C. Enterprises Limited, Environmental Industrial Services Inc., Corporate Services Ltd., Gateway Village Development Inc., Solanum – P.E.I., A Canadian Potato Systems Company Inc., Technology Prince Edward Island Inc. and 100417 P.E.I. Inc. all having March 31, 2005 year ends.

b) Differential reporting options

The company, with the unanimous consent of its shareholder, the Province of Prince Edward Island, has elected to prepare its statements in accordance with Canadian generally accepted accounting principles using the differential reporting options available to non-publicly accountable enterprises described below:

i) Investment subject to significant influence

The company has elected to use the cost method to account for its investment in Slemon Park Corporation. Slemon Park Corporation is subject to significant influence and would otherwise be accounted for using the equity method of accounting. Details of the investment is as follows:

	2005 **$**	**2004** **$**
56,000 common shares of Slemon Park Corporation	1	1

These shares are held by 100417 P.E.I. Inc. and represent 56% of the issued common shares of the company. The purpose of 100417 P.E.I. Inc. is to hold these shares and distribute them over time to anchor tenants in accordance with the original objectives of Slemon Park Corporation.

In addition, the company has applied the following significant accounting policies without reference to differential reporting.

c) Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out basis, and market, which is defined as net realizable value.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

d) **Due from the Province of Prince Edward Island**

i) Current operations

Operating grant – Province of Prince Edward Island is the balance due (to) from the Province for grants (in excess of) or less than expenditures in the current year.

Excess revenue for the 2003 year for the parent company, Prince Edward Island Business Development Inc., was recorded as a reduction in deficit and was not required to be returned to the province as a component of current operations.

ii) Allowance for possible credit losses

The annual funded allowance for possible credit losses (expense or recovery) is recorded as an amount "Due from the Province of Prince Edward Island – Allowance for Possible Credit Losses". The "Due from the Province of Prince Edward Island – Allowance for Possible Credit Losses" is reduced when a write-off is recognized by both Prince Edward Island Business Development Inc. and the Province, with notes payable reduced correspondingly. The allowance for possible losses is also reduced by any payment received from the Province on the allowance for possible losses for guarantees. During the year, Prince Edward Island Business Development Inc. recorded an allowance and corresponding expense of $1,250,000 (2004 – $1,578,987).

e) **Loans receivable**

Working capital demand loans and craft loans are recorded at cost less an allowance for possible losses. These loans are due on demand and bear interest at rates ranging from 4% to 9.5% and are repayable within the next fiscal year.

Long-term loans are recorded at cost less an allowance for possible losses. These loans are issued at long-term interest rates and are repayable over various terms to a maximum of 12 years with interest rates ranging from 4% to 8.5%.

An impaired loan is where, in management's opinion, there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

f) **Allowance for possible losses**

An allowance for possible losses is maintained which is considered adequate to absorb all credit and investment related losses and off-balance sheet items including guarantees. The allowance is deducted from the applicable asset on the balance sheet, except for guarantees. The allowance for guarantees is included in accounts payable for Entrepreneurial Loan Program guarantees and as "Provision for payment of guarantees" on the balance sheet for the remaining guarantee allowance.

The allowance consists of specific and general provisions.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions total $2,603,395 (2004 – $2,594,385). The accumulated allowances for losses on specific off-balance sheet items at March 31, 2005 total $1,565,551 (2004 – $1,665,551). Of this total, $168,084 (2004 – $168,084) is included in the accounts payable and accrued liabilities, and $1,397,467 (2004 – $1,497,467) is recorded as provision for payment of guarantees.

The company does not accrue interest on a loan receivable once a specific provision has been recorded against the loan.

The corporation reviews its investments and advances, leased property and property holdings and guarantees on an ongoing basis to assess whether an allowance or write-off is required.

A variety of methods are used to determine the amount expected to be recovered from investments and advances to private companies and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision of $1,557,625 (2004 – $324,788) includes accumulated allowances for losses which are prudential in nature and cannot be specifically identified. The general provision is based on past performance of similar assets, the level of the specific provision, management's judgement, the economic climate and the maturity and financial strength of the investee.

g) **Investment in non-marketable securities**

Investment in and advances to private companies, except for three preferred share investments, not considered to be concessionary are recorded at one-half of cost. An expense of 50% is charged to development programs. The cost is reduced by any applicable allowance for possible losses. Any recovery exceeding the balance in share investment is taken into revenue when received.

The three investments in preferred shares of private companies that are not being carried at one-half of their cost are being carried at the lower of cost and estimated realizable value.

Investments under the Venture Capital Equity Program are recorded at cost less an allowance for possible losses.

Advances – Venture Capital Debt Program are recorded at cost, less an allowance for possible losses.

Equity investments are reviewed annually for potential declines in value and are written down or an allowance is recorded if a decline in value is considered evident. Write downs are included in development programs expense.

It is not practical within constraints of timeliness and cost to determine the fair value of the investment in private companies as these investments are in closely held private companies that have no organized financial market. The estimated realizable value of these investments and advances is based on expected future cash flows.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

h) **Property holdings, property and equipment and amortization**

i) Property holdings

Property holdings are reported at the lower of cost, net of government grants, and estimated realizable value.

Office furniture and equipment and computer equipment are fully expensed in the year of acquisition, except for F.T.C. Enterprises Limited and Atlantic Technology Centre Inc., a subsidiary of Technology Prince Edward Island Inc., which record these items as a capital asset at cost less accumulated amortization. The amount expensed during the year ended March 31, 2005 was $59,695 (2004 – $177,265). Land improvements and buildings in Prince Edward Island Business Development Inc. are amortized using the straight-line method at the rates of 10% and 4% respectively. Land and improvements and equipment included in industrial sites are amortized using the straight-line method at the annual rates of 8% and 20% respectively. Buildings held for resale and industrial malls are amortized using the straight-line method at the annual rates of 7% and 4%. Proceeds on the sale of industrial sites are recorded as a reduction in the carrying value of the asset. The test cells are amortized using the straight-line method at the annual rate of 5%. Signage is amortized using the straight-line method at the annual rate of 20%.

ii) Amortization

Property and equipment are amortized using the straight-line method at annual rates ranging from 5% to 100% as indicated in note 9.

A full year's amortization is recorded in the year of acquisition.

iii) Estimated realizable value

Estimated realizable value for industrial sites is the expected proceeds on resale and for industrial malls it is the property tax assessed value.

Estimated realizable value for land, buildings and equipment held for resale under lease purchase options is its property tax assessed value.

Estimated realizable value for the test cell is the net cost to construct the asset supported by a payment under a long-term lease agreement.

The reduction from cost to estimated realizable value is recorded as a provision for possible losses.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

i) Net investment in leases

The company's subsidiaries accumulate costs of constructing assets, that are to be classified as capital leases, as assets under capital lease, and the related grants as deferred credits until the lease term begins. When the lease term begins, the assets under capital lease and deferred credits will be removed from the balance sheet and a net investment in leases recorded. The net investment in leases represents the net present value of the minimum lease payments receivable over the term of the lease plus the purchase option.

j) Programs assistance payable

Provincially funded non-cost shared program assistance is expensed and included in accrued liabilities when approved and accepted. Federal-Provincial cost shared programs are expensed when the funds are disbursed. Infrastructure assistance requiring future performance criteria is expensed when the funds are disbursed. Certain infrastructure assistance approved and not disbursed at year end is recorded as deferred charges.

The P.E.I. Food Products Development Fund is a provincially-funded research assistance program administered by F.T.C. Enterprises Limited. Grants under the program are included in income and a corresponding expense and accrued liability is recorded when the grant is received. The accrued liability is reduced when contributions are made to projects. There is $442,430 (2004 - $354,249) in unexpended assistance included in accrued liabilities at year-end. The company has committed funds to qualifying projects in the amount of $183,344 for the 2006 fiscal year.

k) Federal programs and grants

Federal programs

Prince Edward Island Business Development Inc. administers programs on behalf of the Federal Government. Any difference between federal funding received and program expenditures is recorded as an accounts receivable or accounts payable. During the year, Prince Edward Island Business Development Inc. disbursed $433,105 (2004 - $495,437) under the programs. Included in accounts receivable is $52,258 (2004 - $97,986) due from the federal government relating to the 2005 programs.

Included in the development program expenditures is $277,776 (2004 - $293,911) in costs related to salary costs of Prince Edward Island Business Development Inc. employees who deliver and administer these programs. This cost recovery has been recorded as a reduction in Prince Edward Island Business Development Inc.'s operating expenditures.

Federal grants

Federal government grants received relating to operating or program expenditures are recorded as a reduction in the related expenditures in the period received. During the year, the company has recorded $767,057 (2004 - $448,392) as a reduction of development program expenditures for federal grants received.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

l) **Post retirement benefits**

The company provides retirement benefits to certain employees provided they have at least 10 years of continuous service, reached a minimum age of 55 years and contributed to the Superannuation Fund for at least 5 years. The benefit is based on one week's pay per year of service to a maximum of 26 weeks.

The accrual for post retirement benefits at March 31, 2005 is $145,472 (2004 - $145,766).

m) **Pension liability**

Most of the corporation's staff are members of the Province of Prince Edward Island pension plan. Pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation.

n) **Deferred credits**

Prince Edward Island Business Development Inc. subsidiaries have adopted the policy that contributions received towards the acquisition of property and equipment will be recorded as deferred credits and amortized to earnings on the same basis as the related property and equipment are amortized. Contributions received and not spent on property and equipment at year-end are recorded as deferred contributions.

o) **Revenue recognition**

Prince Edward Island Business Development Inc. subsidiaries follow the percentage-of-completion method of accounting for revenue and expenditures on project contracts. The percentage-of-completion method records the organization's revenue based on the expenditures incurred and work completed on each contract in progress as at the balance sheet date. Unearned revenue is recorded as deferred revenue.

Work in progress in excess of progress billings is recorded at year end to appropriately recognize revenue under the percentage-of-completion basis of accounting when work in progress is in excess of actual billings generated. When progress billings are in excess of the related work in progress at year end the excess is recorded as progress billings in excess of work in progress.

Revenue from product royalties is recorded as received.

p) **Film and new media investments**

Investments made under the film and new media equity investments program are recorded as an expense under program expenditures when approved and accepted by the client. Revenue received as a recovery of those investments based on a percentage of income or under royalty agreements is recorded as revenue in the period received.

q) **Interest expense**

Interest paid by Prince Edward Island Business Development Inc. and its subsidiaries are included in the expenditure category to which it relates. Included in expenses is interest expense for 2005 as follows:

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

	2005 $	2004 $
Interest on short-term borrowings	336,011	81,303
Interest on long-term debt	2,334,678	2,306,499
	2,670,689	2,387,802

r) **Management estimates**

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

s) **Estimated realizable value of financial instruments**

Estimated realizable value (fair value) is subjective in nature requiring a variety of valuation techniques and assumptions. Some of the company's financial instruments, specifically notes receivable, investment in subsidiaries and net investment in leases, are not exchangeable and it is difficult, and often not practical, to determine their estimated realizable value. Where it is possible to estimate realizable value, the company assumes that it will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the estimated realizable value of the company's financial instruments. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

3. Market value of investments

Cash and short-term investments and funds held in trust of $6,267,531 (2004 – $4,205,550) consist of portfolio investments and cash having a quoted market value of $6,274,176 (2004 – $4,305,059). The majority of marketable securities have a fixed value and it is expected that most securities will be held until they mature.

4. Accounts receivable and inventory

The accounts receivable have been reduced by an allowance for possible losses of $29,742 (2004 – $27,977).

Inventory has been reduced by an allowance for possible losses of nil (2004 – $56,308).

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

5. Due from the Province of Prince Edward Island

	2005 $	2004 $
Current operations		
Operating grant - Province of Prince Edward Island	280,600	422,065
Allowance for possible losses		
Balance – beginning of year	4,179,438	2,820,461
Current year's allowance for possible credit losses expense	1,250,000	1,578,987
Payment on provision for possible losses	(175,000)	(220,010)
	5,254,438	4,179,438
Balance – end of year	5,535,038	4,601,503

6. Loans receivable

					2005	2004
	Total $	Impaired Loans included in total $	Allowance for possible losses General $	Allowance for possible losses Specific $	Net $	Net $
Working capital demand and craft loans	2,884,297	1,460,770	22,276	1,013,395	1,848,626	6,721,286
Long-term loans						
Manufacturing and processing	34,087,290	768,700	1,000,000	627,525	32,459,765	18,160,986
Tourism	45,000	45,000	-	25,000	20,000	240,000
Small business	2,306,175	1,975,000	250,000	395,000	1,661,175	2,047,297
Other	133,520	-	-	-	133,520	173,373
Technology	13,500	-	-	-	13,500	19,682
	36,585,485	2,788,700	1,250,000	1,047,525	34,287,960	20,641,338
Total Loans Receivable	39,469,782	4,249,470	1,272,276	2,060,920	36,136,586	27,362,624
Less: loans due within the next fiscal year	4,806,792	2,013,975	22,276	1,350,069	3,434,447	6,864,782
	34,662,990	2,235,495	1,250,000	710,851	32,702,139	20,497,842

Included in working capital loans is a demand note receivable of nil (2004 – $5,500,000) due from Prince Edward Island Economic Development Fund (No. IV) Inc., a subsidiary of a provincial Crown corporation.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

7. Investment in non-marketable securities

	2005 $	2004 $
Investment in private companies		
Small Business and Venture Capital Equity Program investments	495,189	524,071
Less: Allowance for possible losses	255,000	255,000
	240,189	269,071
Investment in preferred shares of private corporations	2,664,813	2,904,813
Net royalties receivable from private corporation	31,619	31,618
	2,936,621	3,205,502
Advances – Venture Capital Debt Program		
Advances to private companies – bearing interest at variable rates, repayable on performance	268,775	269,980
Less: Allowance for possible losses	268,775	269,980
	-	-
	2,936,621	3,205,502

Of the preferred shares in private corporations, $50,000 are to be redeemed by the issuer at the rate of $10,000 per year, with the first redemption to occur in the 2008 year.

The net royalties receivable are due to F.T.C. Enterprises Limited and are non-interest bearing and are to be recoverable in the amount of 1.25% of gross income received by the purchaser for the direct sales of the products sold or 12.5% of net licensing fees received by the purchaser for licensing agreements, with one-half of these royalties being payable to the original patent holders by F.T.C. Enterprises Limited under an assignment. During the year, F.T.C. Enterprises Limited received net royalties of nil (2004 – nil).

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

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8. Property holdings

			2005	2004
	Cost $	Accumulated amortization and grants $	Net $	Net $
Land	981,500	-	981,500	981,500
Land improvements	44,766	17,907	26,859	31,336
Building	1,611,451	257,840	1,353,611	1,418,077
Land, buildings and equipment held for resale or under lease purchase option	2,503,143	1,041,790	1,461,353	1,663,801
Industrial sites	10,934,652	8,890,143	2,044,509	2,628,434
Industrial malls	2,806,046	2,806,046	-	-
Test cells	4,937,000	590,599	4,346,401	4,593,251
Signage	64,066	36,785	27,281	40,093
	23,882,624	13,641,110	10,241,514	11,356,492

Included in land, buildings and equipment held for resale or under lease purchase options is land of $901,086 (2004 – $991,382).

Included in industrial sites is land of $314,910 (2004 – $624,210).

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

9. Property and equipment

				2005	2004
	Amortization rate %	Cost $	Accumulated amortization $	Net $	Net $
F.T.C. Enterprises Limited					
Buildings	5 - 25 SL	4,033,192	2,322,583	1,710,609	721,327
Building under construction		-	-	-	941,446
Pilot plant and laboratory equipment	10 - 25 SL	3,722,524	2,132,570	1,589,954	852,275
Computer and audio visual equipment	33 1/3 SL	492,812	465,988	26,824	29,720
Office furniture and equipment	20 SL	171,779	169,089	2,690	5,655
		8,420,307	5,090,230	3,330,077	2,550,423
Gateway Village Development Inc.					
Land		1	-	1	1
Building – Phase I	5 SL	3,095,313	1,212,331	1,882,982	2,037,748
– Phase II	5 SL	1,656,309	579,708	1,076,601	1,159,417
Land improvements – Phase I	10 SL	816,743	639,783	176,960	258,634
– Phase II	10 SL	357,244	249,458	107,786	143,510
Interpretative Centre	20 SL	1,078,080	1,078,080	-	-
Retail fixtures – Phase I	20 SL	77,466	77,466	-	-
– Phase II	20 SL	95,970	95,970	-	-
Signage	20 SL	12,798	12,798	-	-
		7,189,924	3,945,594	3,244,330	3,599,310
Environmental Industrial Services Inc.					
Bloomfield Mall					
Land improvements	10 SL	142,328	35,582	106,746	120,979
Building	4 SL	1,823,975	182,398	1,641,577	1,714,536
Waste treatment facility	3.33 SL	293,493	22,323	271,170	276,473
Truck	33 1/3 SL	25,350	7,409	17,941	-
		2,285,146	247,712	2,037,434	2,111,988
Property for development – land		929,085	-	929,085	929,085
Soft costs		86,307	-	86,307	86,307
		3,300,538	247,712	3,052,826	3,127,380
Technology Prince Edward Island Inc.					
Property and equipment					
Land		2,391,916	-	2,391,916	2,391,916
Land improvements	10 SL	67,000	16,746	50,254	56,950
Building	2.5 SL	18,872,238	1,174,614	17,697,624	18,139,081
Furniture and fixtures	20 SL	313,273	156,112	157,161	219,813
Computer hardware	33 1/3 SL	1,474,155	1,190,469	283,686	725,351
Computer software	100 SL	61,600	61,600	-	-
		23,180,182	2,599,541	20,580,641	21,533,111
Asset under capital lease					
Interactive theatre	20 SL	-	-	-	720,000
		23,180,182	2,599,541	20,580,641	22,253,111
SL – Straight Line		42,090,951	11,883,077	30,207,874	31,530,224

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

10. Funds held in trust

Under the terms of an agreement between Corporate Services Ltd., Prince Edward Island Government Economic Development Fund (No. IV) Inc., (Island Fund IV), and Prince Edward Island Government Economic Development Fund (No. V) Inc., (Island Fund V), Corporate Services Ltd. is to act as the Escrow Agent for investors of a $30,000,000 venture capital fund offering for each of the funds.

Corporate Services Ltd. receives the subscription forms from potential investors and holds the funds in trust until the commencement date. The commencement date is to be established within 100 days of receipt of twelve subscriptions. On the commencement date, the Escrow Agent shall:

- Advance to Island Fund IV or Island Fund V
  - 70% of subscription proceeds to be reinvested; and
  - 10% of subscription proceeds to be used to cover offering and operating costs;

  Interest earned on the account while the funds are in escrow is the property of the specific fund.

- Establish a repayment account to retain on deposit the remaining 20% of the subscription proceeds to be invested in liquid, low-risk investment account, for the purpose of refunding rejected investors. Interest earned on the repayment account accrue to the benefit of the specific project, Island Investment Development Inc., or Island Fund IV or V as applicable, and not Corporate Services Ltd.

Funds held in trust consist of the following

	2005 $	2004 $
Funds held in trust – principal	29,521	28,924
Repayment accounts	2,496,445	2,980,333
	2,525,966	3,009,257

11. Net investment in leases

The net investment in leases represents the minimum lease payments receivable over the term of the lease plus purchase options receivable recorded at net present value. The net investment in leases consists of the following:

Environmental Industrial Services Inc.

Environmental Industrial Services Inc. has entered into agreements to lease three properties on terms that require these leases to be accounted for as capital leases. In accounting for the capital leases, the property and equipment and related deferred credits have been removed and the lease payments receivable recorded as net investment in leases. The net investment in leases consists of the following:

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

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- McCain Foods Limited – 10-year lease expiring December 2010, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $20.
- Cavendish Farms – 8-year lease expiring December 2011, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $10.

Both leases are renewable for an additional 10 years at the expiration of the original lease term at the option of the lessee.

- Small Fry Snack Foods Inc. – 9-year lease term expiring December 2005, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $7,260.

Prince Edward Island Business Development Inc.

The net investment in lease represents the purchase option receivable from the lessee due July 1, 2015. The net investment in lease is recorded at net present value of the payments using a discount rate of 5.5%, calculated as follows:

	$
Total of lease payments to be received	1,000,030
Less: Discount to net present value of 5.5%	(430,000)
Net present value of net investment in lease	570,030

12. Short-term notes payable

	2005 $	2004 $
Promissory notes payable to the Province of Prince Edward Island, with interest rates ranging from 2.24% to 4.8%	14,623,648	13,743,916

The promissory notes are due on demand, are renewed every thirty days with the lender and are unsecured.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2005

13. Notes payable and long-term debt

	2005 $	2004 $
5.84% note payable, repayable $37,870 semi-annually including principal and interest, maturing March 31, 2013	478,606	524,383
4.4% note payable, repayable $63,679 quarterly interest only, maturing December 31, 2008	5,789,000	5,789,000
6.60% note payable, repayable $893,465 annually including principal and interest, maturing March 31, 2012	4,883,027	5,418,848
5.33% note payable, interest payments only commencing November 1, 2004 and payable until February 2010, principal payments commence February 1, 2010 with one payment of $85,714 followed by 55 monthly principal payments of $171,429 and three monthly principal payments of $85,714 plus interest, maturing March 1, 2015	15,000,000	-
4% promissory note, due December 31, 2008 with interest to be paid quarterly and principal payments due each November 30 and December 31 starting in 2005 of $1,000,000 and $250,000 respectively, with $3,211,000 due November 30, 2008 and the balance of $2,250,000 due at maturity	7,186,000	6,211,000
4% promissory note, due April 1, 2008, repayable in annual principal instalments of $288,375 commencing April 1, 2005	865,125	-
4% promissory note, repaid during the year	-	2,200,000
6.62% Bank of Nova Scotia mortgage, repayable $40,333 monthly plus interest, maturing August 30, 2017	10,849,667	11,333,667
5.65% Bank of Nova Scotia loan, repayable $18,106 monthly including principal and interest, maturing March 20, 2007	2,370,522	2,451,364
ACOA non-interest bearing loan due February 1, 2006, repayable in annual instalments of $180,000	180,000	360,000
	47,601,947	34,288,262
Less: Current portion	2,907,577	1,146,438
	44,694,370	33,141,824

The 5.84% note payable, 4.4% note payable, 6.60% note payable and the 5.33% note payable are issued to the Province of Prince Edward Island.

The three 4% promissory notes are payable to Prince Edward Island Century Fund 2000 Inc., a subsidiary of a provincial Crown corporation.

The notes payable and long-term debt are unsecured, except for the 6.62% Bank of Nova Scotia mortgage, which is secured by a full guarantee provided by the Province of Prince Edward Island.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2005

The aggregate amount of principal payments required in each of the next five years to meet retirement provisions is as follows:

	$
Year ending March 31, 2006	2,907,577
2007	2,773,107
2008	2,731,584
2009	10,559,823
2010	1,732,634

14. Obligation under capital lease

Atlantic Technology Centre Inc.

The following is an analysis of the future minimum lease payments on a capital lease. The lease expires October 2007.

	2005 $	2004 $
4% lease, payable in annual instalments $105,200 in 2004, $182,400 in 2005, $326,400 in 2006 and $374,400 in 2007, payable on October 31 of each year	883,200	988,400
Less: amount representing interest	73,200	108,400
Balance of obligation	810,000	880,000
Less: current portion	150,000	70,000
	660,000	810,000

The total annual principal payments over the remaining term of the lease are as follows:

	$
Year ending March 31, 2006	150,000
2007	300,000
2008	360,000
	810,000

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

15. Deferred credits

			2005	2004
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**	**Net** **$**
F.T.C. Enterprises Limited				
Buildings	2,914,204	1,939,987	974,217	1,588,677
Pilot plant and laboratory equipment	3,077,307	1,567,089	1,510,218	798,696
Computer and audio visual equipment	130,868	89,069	41,799	39,792
Office furniture and equipment	67,886	67,570	316	5,408
	6,190,265	3,663,715	2,526,550	2,432,573
Gateway Village Development Inc.				
Building – Phase I	3,095,313	1,212,331	1,882,982	2,037,745
Land improvements	816,743	639,783	176,960	258,637
Interpretative Centre	1,072,001	1,072,001	-	-
Retail fixtures	73,735	73,735	-	-
	5,057,792	2,997,850	2,059,942	2,296,382
Environmental Industrial Services Inc.				
Bloomfield Mall	879,812	109,326	770,486	814,214
Technology Prince Edward Island Inc.				
Building	6,711,000	414,444	6,296,856	6,464,628
Computer hardware	1,424,927	1,174,080	250,847	725,351
Computer software	50,800	50,800	-	-
Furniture and fixtures	313,273	156,111	157,162	219,814
	8,500,000	1,795,435	6,704,865	7,409,793
Prince Edward Island Business Development Inc.				
Industrial sites	7,836,092	5,952,042	1,884,050	2,247,122
	28,463,961	14,518,368	13,945,893	15,200,084

16. Reserve for future expenditure

During the year, Environmental Industrial Services Inc. took over certain liabilities from the Department of Environment, Energy and Forestry. The Corporation received an amount of $173,471 in capital replacement funds which have been recorded as a reserve for future expenditures.

During the year, $9,857 was expended from the reserve.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

17. Contingent liabilities

a) The corporation is contingently liable under loan guarantees at March 31 as follows:

	2005 $	2004 $
Loan guarantees	10,695,437	12,052,126
Provision for possible payment	1,397,467	1,497,467

The provision for possible payment is included in the overall allowance for possible losses.

The corporation is also contingently liable under entrepreneur loan program guarantees of $1,326,618 (2004 – $1,680,841) for which a provision for possible losses of $168,084 (2004 – $168,084) has been included in accounts payable and accrued liabilities.

Included in loan guarantees is $495,000 for an equity investment and $1,870,000 in guarantees for line of credit balances. Also included is $8,330,437 in guarantees for term loans which have a carrying value of $8,278,778 at March 31, 2005. The above guarantees have various expiry dates ranging from April 2005 to May 2023.

The guarantees are secured by various assets and proceeds from liquidation are expected to cover the remaining amount of the guarantees.

Related party amounts

Included in guarantees is a guarantee of a preferred share investment in the amount of $200,000 (2004 – $200,000) of a Crown corporation, P.E.I. Energy Corporation, and a guarantee of a preferred share investment in the amount of $495,000 (2004 – $495,000) provided to a Crown corporation, PEI Lending Agency.

b) F.T.C. Enterprises Limited has guaranteed loans totalling $25,000 of one of the private corporations in which it has invested.

c) Prince Edward Island Business Development Inc. (the "company") has indemnified lease payments to a landlord on behalf of a private company (the "tenant"). In the case of default by the tenant, the maximum amount indemnified is $108,333 per month, pursuant to the lease ending February 2025. The Company also has the option to acquire the premises from the landlord based on a predetermined calculation and have the lease assigned. Under this agreement, the option value at March 31, 2005 is $12,633,353. If the Company opts to acquire the premises, the proceeds from the sale of the premises would be used to recover all or a portion of amounts paid under the guarantee; however, the value of the potential sale proceeds is not determinable at this time.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

d) The company, along with other parties, has been named in a claim by a private company seeking general and aggravated damages and special damages in the amount of $11,187,345, plus other unspecified damages and costs. It is management's opinion that a liability, if any, is unlikely and undeterminable at this time and no provision has been made in the accounts for future possible losses related to this claim.

e) A letter of claim has been filed against Prince Edward Island Business Development Inc. seeking unspecified damages. Management believes the claim is completely without foundation, and that the liability, if any, is unlikely at this time, and accordingly, no provision has been recorded in the accounts for future possible losses.

f) Prince Edward Island Business Development Inc. has been named in action filed by a private company seeking unspecified damages. Management believes this claim is completely without foundation and that the liability resulting from this claim, if any, is unlikely at this time and, accordingly, no provision has been recorded in the accounts for future possible losses.

18. Commitments

a) F.T.C. Enterprises Limited has entered into a twenty-five year lease expiring November 2013 with the University of Prince Edward Island for the land upon which the corporation constructed its facilities. The lease cost is $1 per year and is renewable for a further term of twenty-five years for the same annual consideration.

b) The minimum annual lease payments required by Atlantic Technology Centre Inc. over the next three years under an operating lease for network management services and technological equipment expiring July 2007 are as follows:

	$
Year ending March 31, 2006	120,000
2007	120,000
2008	40,000

c) Loans approved by Prince Edward Island Business Development Inc. but not disbursed at March 31, 2005 total $9,393,315.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

19. Operating agreements

Environmental Industrial Services Inc. has agreements with McCain Foods Limited, Irving Pulp & Paper Limited and Small Fry Snack Foods Inc. to operate wastewater treatment facilities to extend to December 2010, 2011 and 2005, respectively, and stipulate that the companies shall pay Environmental Industrial Services Inc. a user fee equal to the operating costs of the facilities excluding interest and amortization charges. The companies pay these operating costs directly and accordingly a user fee has not been charged by Environmental Industrial Services Inc.

Environmental Industrial Services Inc. is responsible for operating the Brudenell and Crowbush Water and Sewer Utilities on behalf of the Province of Prince Edward Island. Environmental Industrial Services Inc. pays the operating costs of the Utility and recovers these costs from the users of the utility on a pro-rata basis based on usage.

During the year, the company recovered $7,976 (2004 – $5,901) in costs from related parties, Tourism PEI and Golf Links Prince Edward Island Inc. Tourism PEI is a provincial Crown corporation and Golf Links Prince Edward Island Inc. is a subsidiary of Tourism PEI.

20. Related party transactions

Balance sheet

Accounts receivable

Included in accounts receivable is $285,236 (2004 – $249,431) due from the Province of Prince Edward Island and $57,258 (2004 – $85,201) due from related companies.

Accrued interest receivable

Included in accrued interest receivable is nil (2004 – $13,675) due from a subsidiary of a provincial Crown corporation.

Funds held in trust

The funds held in trust are due to Island Investment Development Inc., a provincial Crown corporation.

Property and equipment

The Province of P.E.I. transferred land to Gateway Village Development Inc. in 1997. In accordance with the terms of the transfer, the exchange and carrying amounts of the land was established as $1.

The Province of Prince Edward Island conveys land to the company periodically to be used for development purposes. The exchange and carrying amounts of land when transferred into the company is nil.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

Accounts payable

Included in accounts payable and accrued liabilities is $142,885 (2004 – $21,077) payable to the Province of Prince Edward Island, and nil (2004 – $84,306) due to related companies.

Deferred credits

During the year, Technology Prince Edward Island Inc. received, by way of grants from Prince Edward Island Business Development Inc., and paid by way of a grant to its wholly-owned subsidiary, Atlantic Technology Centre Inc., nil (2004 – $500,000) from the Province of Prince Edward Island in special project funding for the acquisition of property and equipment. These grants have been recorded as deferred credits in the consolidated financial statements. These amounts have not been eliminated on consolidation.

During the year, Environmental Industrial Services Inc. received grants of nil (2004 – $17,692) and F.T.C. Enterprises Limited received grants of $486,500 (2004 – $221,192) from the Province of Prince Edward Island through Prince Edward Island Business Development Inc. that have been accounted for as deferred credits and included in program expenditures for the year. These amounts have not been eliminated on consolidation.

Contributed surplus

Gateway Village Development Inc. and F.T.C. Enterprises Limited have received a cumulative total of $1,786,248 in funds from the Province of Prince Edward Island through Prince Edward Island Business Development Inc. that have been accounted for as contributed surplus. This contribution has not been eliminated on consolidation.

Statement of revenue and expenditures

Revenue

Included in interest on loans receivable is $530,692 (2004 – $13,675) received from subsidiaries of a provincial Crown corporation.

Management fees

During the year, management fees of $150,000 (2004 – $150,000) were received from Island Investment Development Inc. and recorded as a reduction in operating expenditures.

Interest expense

Included in expenditures is $1,391,433 (2004 – $1,235,936) in interest paid to the Province of Prince Edward Island.

Included in expenditures is $344,033 (2004 – $126,287) in interest paid to a subsidiary of a provincial Crown corporation.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2005

Other

The company provides office premises to Tourism PEI for nil consideration.

The company rents land for the annual amount of $2,120 plus applicable taxes from Slemon Park Corporation under a fifty-year lease agreement, effective for the term September 28, 2001 to September 28, 2051.

The above transactions were recorded in the normal course of operations and measured on the same terms as transactions with unrelated parties.

21. Other

Effective December 13, 2004, Prince Edward Island Business Development Inc. entered into a general conveyance, assignment, and assumption of liabilities agreement with a subsidiary, Island Products Holding Inc. Under this agreement, Island Products Holding Inc. transferred all of its assets and the benefit of all contracts to Prince Edward Island Business Development Inc. Prince Edward Island Business Development Inc. agreed to assume and discharge all liabilities of Island Products Holding Inc., and to assume all expenses in connection with the proposed wind-up and dissolution of Island Products Holding Inc.

The net assets and liabilities transferred were as follows:

	$
Accounts payable and accrued liabilities	947
Net earnings to December 13, 2004	139,330
Net assets transferred	140,277

The net assets transferred were recorded by Prince Edward Island Business Development Inc. as a reduction of the intercompany receivable from Island Products Holding Inc. in the amount of $140,277 and the elimination of the investment in subsidiary in the amount of $100.

22. Contributed surplus

During the 2004 year, the shareholders and directors of Gateway Village Development Inc. approved a transfer of $225,953 from contributed surplus to offset the accumulated operations deficit of the company as at March 31, 2003.

23. Comparative figures

Certain comparative figures presented for the 2004 fiscal year have been restated to conform with the financial statement presentation adopted for the current year.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2005

24. Interest rate risk

The following table sets out assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the company's interest rate risk position is limited by the fact that certain borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing dates. For example, notes receivable at shown at contractual maturity but certain notes could prepay earlier.

	Under 1 year $	Over 1 to 5 years $	Over 5 years $	Not interest rate sensitive $	Total $
Assets					
Cash and investments	3,741,565	-	-	-	3,741,565
Accounts receivable	-	-	-	2,510,965	2,510,965
Accrued interest receivable	-	-	-	98,610	98,610
Grant receivable – ACOA	-	-	-	446,131	446,131
Inventory	-	-	-	55,695	55,695
Prepaid expenses		-	-	25,157	25,157
Notes receivable (net of allowance for losses)	4,806,792	23,589,655	11,073,335	(3,333,196)	36,136,586
Effective interest rate	6.85%	5.58%	5.97%		
Due from Province	-	-	-	5,535,038	5,535,038
Investment in non-marketable securities	130,000	520,000	610,000	1,676,621	2,936,621
Effective interest rate	4.00%	4.00%	4.00%		
Property holdings	-	-	-	10,241,514	10,241,514
Property and equipment	-	-	-	30,207,874	30,207,874
Funds held in trust	-	-	-	2,525,966	2,525,966
Net investment in leases	-	-	-	577,320	577,320
	8,678,357	24,109,655	11,683,335	50,567,695	95,039,042
Liabilities and Surplus					
Accounts payable and accrued liabilities	-	-	-	11,721,353	11,721,353
Provision for payment of guarantees	-	-	-	1,397,467	1,397,467
Deferred revenue	-	-	-	55,611	55,611
Deferred contributions	-	-	-	236,634	236,634
Progress billing in excess of work-in-progress	-	-	-	343,929	343,929
Notes payable	17,531,221	28,412,828	16,281,546	-	62,225,595
Effective interest rate	3.05%	5.46%	5.46%		
Obligation under capital lease	150,000	660,000	-	-	810,000
Effective interest rate	4.00%	4.00%			
Funds held in trust	-	-	-	2,525,964	2,525,964
Deferred credits	-	-	-	13,945,893	13,945,893
Reserve for future expenditures	-	-	-	163,613	163,613
Contributed surplus	-	-	-	1,560,295	1,560,295
Retained earnings	-	-	-	52,688	52,688
	17,681,221	29,072,828	16,281,546	32,003,447	95,039,042
Total Gap	(9,002,864)	(4,963,173)	(4,598,211)	18,564,248	-

Subsequent to year end. $4,073,043 of short-term debt was refinanced to terms over 1 to 5 years at a rate of 4%.

Prince Edward Island Business Development Inc.

Schedule of Retail Operations

For the year ended March 31, 2005 **Schedule**

	2005 $	2004 $
Revenue		
Island Store	336,634	420,072
Consignment sales – net	1,133	5,921
	337,767	425,993
Cost of goods sold		
Island Store	178,474	219,502
Gross margin	159,293	206,491
Expenditures		
Salaries and benefits	55,037	60,924
Occupancy charge	33,663	41,967
Bank charges and interest	4,719	5,455
Travel and training	1,000	104
Packaging	2,832	6,418
Advertising and promotion	5,856	3,954
Electricity	2,511	2,796
Telecommunications	2,145	1,882
Administration	1,200	1,484
Maintenance and cleaning	664	1,406
Product development	160	-
Exchange gain	(439)	(739)
	109,348	125,651

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PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

Honourable P. Mitchell Murphy
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Civil Service Superannuation Fund as at March 31, 2005 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Provincial Treasurer. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
November 4, 2005

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT MARCH 31, 2005

	2005	2004
ASSETS		
Cash	$ 274,419	$ 355,727
Receivables		
Contributions receivable - employees	360,882	347,093
Contributions receivable - employers	453,653	455,896
Other	33,825	27,961
	1,122,779	1,186,677
Investments (Notes 2(a) and 3)	501,641,722	473,248,957
Total assets	$502,764,501	$474,435,634
LIABILITIES		
Accounts payable	$ 730,628	$ 749,069
NET ASSETS AVAILABLE FOR BENEFITS	$502,033,873	$473,686,565

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
INCREASE IN ASSETS		
Investment income		
Interest	$ 9,240,582	$ 8,780,184
Dividends	5,708,675	5,488,116
	14,949,257	14,268,300
Market value increase - Note 2(a)	13,516,396	84,817,191
Contributions (Note 5)		
Employees' contributions	9,540,832	9,233,847
Employers' contributions	9,540,832	9,233,847
Transfers from other plans	600,450	519,227
Refund repayments	52,025	97,268
Purchased service	707,746	653,925
Government contribution toward unfunded liability	5,926,605	5,926,605
	26,368,490	25,664,719
Total increase in assets	54,834,143	124,750,210
DECREASE IN ASSETS		
Administrative expenses	1,888,500	1,821,458
Benefits paid	23,305,901	21,615,973
Refunds	360,593	306,607
Transfers	931,841	903,697
Total decrease in assets	26,486,835	24,647,735
INCREASE IN NET ASSETS	28,347,308	100,102,475
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	473,686,565	373,584,090
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$502,033,873	$473,686,565

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. Description of Plan

The following description of the Civil Service Superannuation Plan is a summary only. For more complete information, reference should be made to the Civil Service Superannuation Act.

a) General
The Plan is a contributory defined benefit plan covering government employees and employees of certain boards, commissions, crown corporations and agencies as defined in the Civil Service Superannuation Act. In addition, the Plan covers employees receiving disability payments under the Employees Long Term Disability Plan.

b) Contributions
Under the Plan, employees and the employer make equal contributions amounting to 6.95% on that part of the salary on which Canada Pension Plan contributions are made and 8.75% on salary when Canada Pension Plan contributions are not required.

c) Retirement Benefits
A member who has attained age 60 and has completed at least 5 years of service or has attained age 55 and has completed 30 years of service is entitled to an immediate pension which is payable in equal monthly installments.

The annual amount of the pension is equal to 2% of the average salary of the member in the three year period of pensionable service during which such average salary is highest, multiplied by the number of years of pensionable service to a maximum of 35 years. When the member reaches the age of 65 (or if he or she is 65 or over at retirement) the amount of pension described above is reduced by 0.7% of the average salary up to the average Maximum Pensionable Earnings under the Canada Pension Plan during the three year period over which the average salary has been computed, multiplied by the number of years of the member's pensionable service after July 1, 1966 or July 1, 1972, depending on the election of the member and payment of the required contributions to be eligible for the smaller offset.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2005

1. Description of Plan continued...

Reduced benefits are available at age 55 with 5 years pensionable service. The pension for a member who retires prior to age 60 (and who is not entitled to an unreduced pension) is calculated as described in the previous paragraph but then is reduced by 0.25% for each month by which the early retirement date precedes the member's earliest unreduced retirement age. The lesser of the number of months between the date of actual retirement and the date the member would attain the age 60 or the number of months between the date of actual retirement and the date the member would have at least thirty years of service.

The above formula determines the amount of a member's initial pension at retirement. In subsequent years the amount of a member's pension is increased in line with increases in the Consumer Price Index, but the increase in any one year is limited to no more than 6%.

d) Death Benefits
On the death of a member prior to completing 5 years of pensionable service, or after completing 5 years of service but leaving no surviving spouse or dependant children, the members contributions accumulated with interest will be refunded. If a member dies prior to retirement but after completing 5 years of service, the member's spouse is entitled to an immediate lifetime pension equal to 60% of the accrued, unreduced pension of the member at the time of death. In addition to the spousal pension, an allowance equal to one-sixth of the pension paid to the surviving spouse is payable in respect of each dependent child, up to a maximum of 4 children, until the child attains age 18, or until 21 if the child is attending school full-time.

e) Termination and Portability of Benefits
In the event of termination of employment for reasons other than retirement or death, a member may elect to receive either:

- a refund of the member's own contributions with interest, or
- if the member has completed at least five years of service, a deferred annuity commencing when the member attains the age of 60.

Where there are portability arrangements between the Plan and other plans, members may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the Plan.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2005

1. **Description of Plan continued...**

   f) **Marriage Breakdowns**
   Upon application, the pension benefits to which a person is entitled may be divided between the person and the spouse or former spouse.

   g) **Income Tax**
   The Plan is a Registered Pension Plan as defined under the Income Tax Act and is not subject to income tax.

2. **Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province of Prince Edward Island and the Plan participants. They are prepared to assist in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual participants. The following accounting policies are considered significant.

a) **Investments**
With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

Changes in the market value of investments, including realized and unrealized gains resulting from changes in foreign exchange, are reflected in the financial statements as a market value adjustment.

b) **Investment Transactions**
Investment transactions are recorded on the settlement date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Distributions are recognized on the record date.

3. **Investments**

a) **Investments as of March 31, 2005 consist of the following:**

Investment in Province of Prince Edward Island Master Trust	**$501,607,160**
Cash held for investment	**34,562**
	$501,641,722

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2005

3. Investments continued...

The investments of the Civil Service Superannuation Fund, MLA Pension Fund, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Units are held by each of these funds in the Master Trust. As of March 31, 2005 there were 729,902.817 units held in the Province of Prince Edward Island Master Trust, of which Civil Service Superannuation Fund held the following:

Units held	440,454.021
Market value per unit	$1,138.84
Total market value held	$501,607,160

Investments of the Province of Prince Edward Island Master Trust are as follows:

Canadian T-Bills	$ 15,820,781
Other liquid assets	341,493
Bonds, debentures and notes	274,309,536
Canadian equity securities	312,750,820
Foreign equity securities	219,199,513
Accrued income receivable	4,309,688
Real estate	4,511,528
Total	$831,243,359

The investments of $831,243,359 include amounts which three of the five Master Trust Fund managers have invested in their own pooled funds. The March 31, 2005 market values of these investments are as follows:

Beutel Goodman & Company Ltd.	$ 25,085,391
Northwater Capital Management Inc.	95,393,008
Capital Guardian	100,789,829
Total	$221,268,228

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2005

3. Investments continued...

b) Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is a comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in the market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The policy of the Master Trust is to invest in a diversified portfolio of investments based on criteria established in the Statement of Investment Policies and Procedures.

4. Obligations for Pension Benefits for Accounting Purposes

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. The most recent actuarial valuation for accounting purposes prepared by Morneau Sobeco disclosed an unfunded liability as at April 1, 2002 of $6,124,000. The unfunded liability of $6,124,000 does not include an allowance for the present value of the future contributions shown in Note 5.

The actuarial present value of benefits as of March 31, 2005, the principal components of changes in actuarial present values during the year and the estimated unfunded liability, were as follows:

	2005
Actuarial present value of accrued benefits at beginning of year	$496,687,163
Interest accrued on benefits	38,803,493
Benefits accrued	13,590,928
Benefits paid	(24,598,335)
Actuarial present value of accrued benefits at end of year	524,483,249
Net assets available for benefits	502,033,873
Unfunded liability as at March 31, 2005	$ 22,449,376

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2005

4. Obligations for Pension Benefits for Accounting Purposes continued...

The economic assumptions used in determining the actuarial value of accrued pension for accounting purposes were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

Asset rate of return	7.9% per annum
Basic salary escalation rate (excluding promotional increases)	3.0% per annum
Pension cost of living increases	2.4% per annum

The Consolidated (Summary) Financial Statements of the Province record the obligation using the accounting method.

5. Funding Policy

In accordance with the Civil Service Superannuation Act, employees are required to contribute as described in Note 1(b). The employer matches employee contributions to the Fund. Under Section 5 of the Civil Service Superannuation Act, payments out of the Fund are guaranteed by the Province of Prince Edward Island. The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of April 1, 2002. This valuation disclosed an unfunded liability as at April 1, 2002 of $52,465,000.

For the purpose of reducing the unfunded liability of the Fund, the Civil Service Superannuation Act required the Lieutenant Governor-in-Council to pay $63.35 million into the Fund in accordance with the following schedule:

April 1, 1995	$11.60 million
April 1, 1996	5.75 million
March 31, 1998*	5.75 million
April 1, 1998	5.75 million
April 1, 1999	5.75 million
April 1, 2000	5.75 million
April 1, 2001	5.75 million
April 1, 2002	5.75 million
April 1, 2003	5.75 million
April 1, 2004	5.75 million

*An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-98 fiscal year that is deferred to March 31, 1998, shall be paid in seven equal installments commencing on April 1, 1998.

PRINCE EDWARD ISLAND

CROWN BUILDING CORPORATION

CONSOLIDATED FINANCIAL STATEMENT

MARCH 31, 2005

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crown Building Corporation

I have audited the consolidated balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 2005. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this consolidated financial statement presents fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 5, 2005

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2005

	2005	2004
ASSETS		
Accounts receivable - Note 2	$ 8,688	$ 8,688
Capital assets - Note 3	271,340	271,340
	$280,028	$280,028
LIABILITY AND SURPLUS		
Accounts payable	$ 1,100	$ 1,100
Surplus	278,928	278,928
	$280,028	$280,028

(The accompanying notes are an integral part of this financial statement.)

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

____

____

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

MARCH 31, 2005

1. **Accounting Policies**

(a) The consolidated financial statement includes the accounts of the wholly-owned subsidiaries, 100099 P.E.I. Inc. and C.V.C. Management Inc., both having March 31 year ends.

(b) The Corporation owns the Shaw and Sullivan Buildings which house various government departments. Rent is not charged for space occupied. Maintenance and operating costs are the Province's responsibility.

A statement of operations and surplus is not presented. Since the Corporation had no financial activity during the years ended March 31, 2004 and March 31, 2005, a statement of operations and surplus is not considered necessary.

(c) The Corporation purchased the shares of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. in October 1987. Most of the assets of the Charlottetown Veterinary Clinic (1981) Ltd. were sold at net book value to four former employees on May 30, 1997, and on this date business operations were assumed by the new owners. The company name was changed to 100099 P.E.I. Inc. on July 18, 1997, which was the closing date for the sale. Separate combined financial statements are issued for 100099 P.E.I. Inc. and C.V.C. Management Inc.

2. Accounts receivable consist of the following:

Province of PEI		$8,688
Other	$13,056	
Less: Allowance for doubtful accounts	13,056	-
		$8,688

3. Capital assets consist of the following:

Land		$271,340
Buildings and equipment		
Cost	$6,116,139	
Less: Accumulated amortization	6,116,139	-
		$271,340

Consolidated Financial Statements of

PRINCE EDWARD ISLAND ENERGY CORPORATION

Year ended March 31, 2005

Beaton Fitzpatrick Murray

BFM

Beaton Fitzpatrick Murray
Chartered Accountants and Advisors

A.W. Beaton CA
G.J. Fitzpatrick, FCA
J.G. Murray, CA
P.J. Trainor, CA
J.J. Dunn, CA

Bonded Warehouse
91 Water Street
P.O. Box 2158
Charlottetown
Prince Edward Island
C1A 8B9

Tel: (902) 892-5365
Fax: (902) 892-0383
Email: bfm@bfm.pe.ca
www.bfm.pe.ca

AUDITORS' REPORT TO THE DIRECTORS

We have audited the consolidated statement of financial position of Prince Edward Island Energy Corporation as at March 31, 2005 and the consolidated statements of operations, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Beaton Fitzpatrick Murray

Chartered Accountants

Charlottetown, P.E.I.
May 20, 2005

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Financial Position

March 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets:		
Cash	$ 544,811	$ 1,193,990
Temporary investments (note 2)	1,000,001	-
Accounts receivable	413,349	499,948
Holdbacks receivable	11,098	-
Prepaid expenses	90,692	92,553
Restricted cash	5,346	5,306
	2,065,297	1,791,797
Long-term investment (note 3)	200,000	200,000
Capital assets (note 4)	14,747,526	15,422,864
	$ 17,012,823	$ 17,414,661
Liabilities and Surplus		
Current liabilities:		
Accounts payable and accrued liabilities	$ 318,175	$ 281,815
Payable to Province of Prince Edward Island	-	40,189
Royalties payable (note 5)	16,087	34,420
Deferred revenue - projects	30,431	29,799
Current portion of long-term debt	873,518	943,355
	1,238,211	1,329,578
Long-term debt (note 6)	13,134,798	14,008,315
Reserve for equipment	179,712	158,752
Surplus (note 8)	2,460,102	1,918,016
Commitments (note 7)		
Contingencies (note 8)		
	$ 17,012,823	$ 17,414,661

See accompanying notes to consolidated financial statements.

On Behalf of the Board:

________________ Director ________________ Director

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Operations

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Revenue:		
Grants - Province of Prince Edward Island	$ 603,300	$ 673,600
- Government of Canada	235,000	231,939
Wind Farm	2,756,019	2,346,493
	3,594,319	3,252,032
Expenses:		
Advertising	6,567	9,712
Audit	9,070	8,811
Consulting fees	120,857	110,423
Heat and lights	9,673	10,397
Insurance	17,933	9,555
Interest and bank charges	21	570
Materials and supplies	22,867	14,172
Met towers	103,489	53,145
Mexico tower	-	25,328
Miscellaneous	10,897	4,873
Office and computer equipment	27,193	27,630
Office and computer supplies	8,535	8,270
Operations and maintenance	689	4,740
Professional fees	33,731	48,067
Special projects	12,966	6,772
Telephone	8,417	8,982
Travel and training	50,181	47,235
Wages and employee benefits	479,700	484,517
Wind Farm	2,164,563	1,598,873
	3,087,349	2,482,072
Earnings before the undernoted	506,970	769,960
Earnings - projects	35,116	23,610
Net earnings	$ 542,086	$ 793,570

See accompanying notes to consolidated financial statements.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Surplus

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Surplus, beginning of year	$ 1,918,016	$ 1,164,635
Earnings - operating for the year (page 2)	542,086	793,570
Contribution to Province of Prince Edward Island	-	(40,189)
Surplus, end of year	$ 2,460,102	$ 1,918,016

See accompanying notes to consolidated financial statements.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Cash Flows

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash flows from operating activities:		
Cash receipts from customers	$ 3,840,178	$ 3,431,715
Cash paid to suppliers and employees	(1,491,017)	(1,747,015)
Interest received	21,229	15,523
Interest paid	(886,475)	(659,783)
	1,483,915	1,040,440
Cash flows from financing activities:		
Repayments on long-term borrowings	(943,354)	(515,113)
Proceeds from long-term borrowings	-	6,650,000
	(943,354)	6,134,887
Cash flows from investing activities:		
Increase in long-term investments	-	(200,000)
Decrease in reserve for capital expenditures	(30,802)	(42,715)
Purchase of capital assets	(158,897)	(7,609,897)
	(189,699)	(7,852,612)
Net increase (decrease) in cash	350,862	(677,285)
Cash, beginning of year	1,199,296	1,876,581
Cash, end of year	$ 1,550,158	$ 1,199,296
Represented by:		
Cash	544,811	1,193,990
Restricted cash	5,346	5,306
Temporary investments	1,000,001	-
	$ 1,550,158	$ 1,199,296

See accompanying notes to consolidated financial statements.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2005

Prince Edward Island Energy Corporation is a Crown corporation established by the Energy Corporations Act, and therefore is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act. The Corporation's principal business activities include the development and promotion of energy systems.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Corporation's 100% owned subsidiary, The Atlantic Wind Test Site Inc.

(b) Work in progress:

Work in progress is stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets related to the North Cape Wind Generating Plant are recorded at cost. Office furniture and equipment and computer equipment are fully expensed in the year of acquisition.

Depreciation is provided using the straight-line method at the following annual rates:

Asset	Rate
Wind Farm	20 years
Norway line	20 years
Building	20 years

(d) Interest capitalized:

Interest directly related to the Phase II expansion of the Wind Farm was capitalized during the implementation period. The amount capitalized during the year ended March 31, 2005 was $ Nil. (2004 - $ 35,264.).

(e) Temporary investments:

Temporary investments are stated at the lower of cost and market value.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2005

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1. Significant accounting policies (continued):

(f) Long-term investments:

Long-term investments are stated at cost.

(g) Financial instruments:

The Corporation's financial instruments consist of cash, temporary investments, accounts receivable, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Temporary investments:

Temporary investments consist of corporate debt securities with the effective interest rate of 2.44% payable at maturity in May 2005. Fair market value is considered to approximate carrying value.

3. Long-term investment:

	2005	2004
Frontier Power Systems Inc.	$ 200,000	$ 200,000
	$ 200,000	$ 200,000

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2005

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4. Capital assets:

	Cost	Accumulated depreciation	2005 Net book value	2004 Net book value
Wind Farm Phase I	$ 8,904,685	$ 1,521,218	$ 7,383,467	$ 7,828,701
Norway line	203,010	15,226	187,784	197,935
Wind Farm Phase II	7,542,503	502,485	7,040,018	7,396,228
Building	137,982	1,725	136,257	-
	$ 16,788,180	$ 2,040,654	$ 14,747,526	$ 15,422,864

5. Royalties payable:

Royalties payable represents amounts due to Natural Resources Canada in accordance with the provisions of a licensing agreement which came into effect April 1, 1995. Royalties requirements are based on consulting fees and other revenues earned by the Corporation from contracts with third parties.

6. Long-term debt:

	2005	2004
Bank of Montreal, 6.6%, payable in equal monthly payments of principal and interest of $ 82,051., due October 2016, secured by signed commitment letter and Province of Prince Edward Island Order in Council guaranteeing full amount of loan	$ 7,958,316	$ 8,401,670

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2005

6. Long-term debt (continued):

Province of P.E.I. Provincial Treasury, 5.39% debenture, payable in quarterly payments of principal of $ 100,000., with a balloon payment of $ 100,000. every 24 months starting in March 31, 2005, plus interest, due December 2018	6,050,000	6,550,000
	14,008,316	14,951,670
Less current portion of long-term debt	873,518	943,355
	$ 13,134,798	$ 14,008,315

The aggregate maturities of long-term debt for each of the five years subsequent to March 31, 2005, assuming renewals of mortgages and loans under similar terms, are as follows: 2006 - $ 873,518.; 2007 - $ 1,005,733.; 2008 - $ 940,140.; 2009 - $ 1,076,887.; and 2010 - $ 1,016,135.

7. Commitments:

Subsequent to year end, the Corporation entered into a contribution agreement with Industry Canada and Hydogenics Corporation for the expenditure of up to $ 2.49 million on the P.E.I. Wind-Hydrogen project over the next three years.

8. Contingencies:

The Atlantic Wind Test Site Inc. receives cost-shared funding under an operating agreement with Natural Resources Canada. This agreement includes provisions which require the pro-rata repayment of any surplus in the event that activities of the Test Site are terminated. The Corporation has a surplus as of March 31, 2005 of $ 53,727. (2004 - $ 19,101.).

The Corporation has entered into a contract with the Department of Natural Resources (NRCan) under the Wind Power Production Incentive program. In the event that revenue from the sale of production of the Wind Farm exceeds the standardized market value of the production, the incentives received must be repaid to NRCan. During the year, revenue was not in excess of the standardized market value and consequently, no liability must be recognized.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2005

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9. Off-balance sheet financial instruments:

To manage its current and anticipated exposure to interest rate risks, the Corporation has entered into an interest rate swap contract whereby it has fixed the interest rate on a total of $ 9,630,000. of notional principal against the floating interest position assumed by the Bank of Montreal. The swap contract has an effective interest rate of 6.6% and will mature in October 2016.

10. Comparative amounts:

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

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PRINCE EDWARD ISLAND

GRAIN ELEVATORS CORPORATION

FINANCIAL STATEMENTS

JULY 31, 2004

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Grain Elevators Corporation

I have audited the balance sheet of the Prince Edward Island Grain Elevators Corporation as at July 31, 2004 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
December 8, 2004

STATEMENT 1

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
BALANCE SHEET
AS AT JULY 31, 2004

	2004	2003
ASSETS		
CURRENT ASSETS		
Accounts receivable - General - Notes 1(b), 3 and 11	$ 563,272	$1,048,612
Short-term investments - at cost	31,906	31,984
Inventory - Corporation - Note 1(c)	155,204	156,161
- Pool	-	118,119
Prepaid expenses	281,839	274,108
Deposit on hedge contracts - Note 5	168,890	-
Current portion of long-term receivable - Note 4	13,644	-
	1,214,755	1,628,984
Long-term receivable - Note 4	82,706	-
Equipment - Notes 1(d), 1(e) and 6	15,672	34,352
Equipment under capital leases - Notes 1(f) and 7	88,823	-
	$1,401,956	$1,663,336
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Bank overdraft	$ 169,134	$ 551,573
Accounts payable and accrued liabilities	141,451	142,839
Deferred revenue	138,706	111,162
Current portion of obligation under capital leases - Note 8	16,169	-
Final payment to be distributed to producers	204,382	341,551
Ending equity (deficit) - Open Pool	-	(16,702)
	669,842	1,130,423
Accrued retirement allowances - Note 13	120,900	-
Obligation under capital leases - Note 8	73,127	-
	863,869	1,130,423
EQUITY		
Retained earnings - Statement 2	195,087	189,913
Contributed surplus - Province of PEI	343,000	343,000
	538,087	532,913
	$1,401,956	$1,663,336

(The accompanying notes are an integral part of these financial statements.)

ON BEHALF OF THE BOARD:

DIRECTOR: ______________________

DIRECTOR: ______________________

STATEMENT 2

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 2004

	2004	2003
REVENUES:		
Sales	$4,750,141	$5,759,291
Other income - Note 9	576,359	592,130
Provincial grant - Operating	75,000	75,000
- Capital	63,011	114,035
	5,464,511	6,540,456
EXPENSES:		
Cost of non-pool inventory sold	1,084,778	1,051,013
Amortization	21,743	23,111
Bad debts	67,533	9,695
Board expense	18,706	21,561
Capital repairs	63,011	114,035
General and other	134,369	101,864
Insurance	31,656	24,066
Interest	44,426	67,970
Repairs and maintenance	123,670	84,645
Salaries and benefits - Note 12	608,955	610,448
Utilities	231,531	214,804
	2,430,378	2,323,212
NET RESULTS BEFORE DISTRIBUTION	3,034,133	4,217,244
DISTRIBUTION TO PARTICIPANTS - Note 10	2,921,665	4,071,128
NET INCOME FOR THE PERIOD	112,468	146,116
RETAINED EARNINGS BEGINNING OF YEAR	189,913	43,797
RETIREMENT ALLOWANCES - Note 2	(107,294)	-
RETAINED EARNINGS END OF YEAR	$ 195,087	$ 189,913

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2004

	2004	2003
Cash provided by (used for)		
OPERATING ACTIVITIES		
Net Income for the year	$ 112,468	$ 146,116
Amount charged against income not requiring an outlay of cash:		
Amortization	21,743	23,111
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	485,340	(256,893)
(Increase) decrease in inventory	119,076	39,204
(Increase) decrease in short-term investments	78	7,612
(Increase) decrease in prepaid expenses	(7,731)	(109,558)
(Increase) decrease in deposit on hedge contracts	(168,890)	-
(Increase) decrease in long-term receivable	(96,350)	-
Increase (decrease) in accounts payable	(1,388)	(1,471)
Increase (decrease) in deferred revenue	27,544	74,220
Increase (decrease) in distribution payable to producers	(137,169)	102,439
(Increase) decrease in ending deficit - open pool	16,702	(16,702)
Increase (decrease) in accrued retirement allowances	120,900	-
Prior period retirement allowances	(107,294)	-
Net cash provided (used for) by operating activities	385,029	8,078
FINANCING ACTIVITIES		
Obligation under capital leases	89,296	-
INVESTING ACTIVITY		
Acquisition of equipment under capital leases	(91,886)	-
Decrease in bank overdraft	382,439	8,078
Bank overdraft at beginning of year	(551,573)	(559,651)
Bank overdraft at end of year	$(169,134)	$(551,573)

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2004

1. **Summary of Significant Accounting Policies:**

(a) The Corporation operates a pooling program for buying and selling its local grain and protein inventory. During 2003-04 seven pools were in operation consisting of a Barley, Oats, Mixed Grain, Wheat, Milling Wheat, Soybean and the 2002-03 Soybean pool. As of July 31, 2004 all pools were closed, including the 2002-03 Soybean pool.

(b) Specific accounts which have been deemed doubtful have been included in the Allowance for Doubtful Accounts. In addition, one percent of the remaining accounts are included in the allowance.

(c) Inventory is valued at lower of cost or market. Market value is similar to replacement cost.

(d) Asset purchases less than $5,000 are expensed in the period of purchase.

(e) Amortization is calculated on a straight-line basis over the estimated useful life of the asset. Equipment is amortized over five years.

(f) Equipment under capital leases is amortized on a straight-line basis over the term of the leases, five years.

(g) The Province of PEI provides the elevator facilities to the Corporation at a nominal fee of $1.

(h) Vacation pay is recorded as a liability when earned.

(i) Retirement pay
Employees of the Corporation are entitled to retirement pay as provided for under the collective agreement and terms of employment. The Corporation obtains actuarial calculations of its liability for retirement allowances.

(j) Management estimates
The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those reported.

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2004

2. Change In Accounting Policy:

Retirement Allowances
To conform with a recommendation of the Canadian Institute of Chartered Accountants handbook, the Corporation records in its liabilities, accrued retirement allowances. This is the first year for the accrued retirement allowances ($120,900) to be included in the Corporation's liabilities. As such the cumulative adjustment for prior years was adjusted through retained earnings and prior year comparative figures have not been restated to reflect the change in accounting policy.

3. Accounts Receivable:

	2004	2003
Trade	$548,726	$ 933,900
Less: Allowance for doubtful accounts	9,061	17,900
	539,665	916,000
Contract Sales	22,214	118,406
Other	1,393	14,206
	$563,272	$1,048,612

4. Long-Term Receivable:

Long-term receivable is receivable in equal monthly installments of $1,137 maturing August 2011. Long-term receivable is non-interest bearing.

5. Deposit on Hedge Contracts:

At July 31, 2004 the Corporation had a deposit with their broker of $168,890 relating to corn and milling wheat futures contracts totalling $1,048,496. At July 31, 2004 these contracts provide for the sale of 7,620 tonnes of December 2004 corn for an average price of $119.47 and 680 tonnes of December 2004 milling wheat for an average price of $203.14.

6. Equipment:

	2004	2003
Equipment (cost)	$415,873	$425,878
Less: Accumulated amortization	400,201	391,526
	$ 15,672	$ 34,352

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2004

7. Equipment Under Capital Leases:

	2004	2003
Equipment (cost)	$ 91,886	-
Less: Accumulated amortization	3,063	-
	$ 88,823	$ -

8. Obligation Under Capital Leases:

	2004	2003
Obligation under capital leases	$ 89,296	-
Less: Current portion	16,169	-
	$ 73,127	$ -

The following is a schedule of future minimum lease payments under a capital leases expiring June 8, 2009, together with the present balance of the obligation under capital leases.

2005	$ 21,707
2006	21,707
2007	21,707
2008	21,707
2009	18,089
Total	$104,917
Less: Amount representing interest (7%)	
Roaster	$ 3,924
Computer	11,697
	$ 15,621
Balance of the obligation	$ 89,296

9. Other Income:

	2004	2003
Hedge gain	$169,050	$ -
Handling and drying	154,525	228,600
Storage fees	44,410	62,491
Custom extruding	67,496	130,761
Custom roasting	69,637	53,601
Miscellaneous	19,355	21,690
Interest revenue	48,815	64,245
Freight	3,071	30,742
	$576,359	$592,130

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2004

10. **The distribution to participants of pooling operations is as follows:**

	2004	2003
Initial payment	$2,165,550	$3,392,075
Interim payment	544,662	354,204
Final payment distributed	7,071	-
Final payment to be distributed to producers	204,382	341,551
Ending equity (deficit) - open pool	-	(16,702)
	$2,921,665	$4,071,128

11. **Related Party Transactions:**

During the current year, three Board members had purchases from the Corporation totalling $87,969 and four Board members had sales to the Corporation totalling $10,442. Included in accounts receivable is a receivable from two Board members of $47. These transactions were entered into in the normal course of business and on the same terms as unrelated parties.

12. **Pension Costs:**

Most of the employees of the Corporation are members of the Prince Edward Island Civil Service Superannuation Plan. The employer's share of the plan benefits are paid by the Corporation. Any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Corporation's financial statements.

One employee of the Corporation participates in a defined contribution plan. The Corporation matches the employee contributions to a maximum of 5% of the employee's salary.

13. Retirement Allowances

(a) Basis of accounting for retirement allowances
Employees of the Corporation are entitled to retirement allowances as provided under the collective agreement and terms of employment. The Corporation has adopted the recommendations of the Canadian Institute of Chartered Accounts (CICA) in accounting for its retirement allowances. Assumptions used in the valuation of these retirement allowances are developed for accounting purposes.

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2004

13. Retirement Allowances (continued...)

(b) Actuarial Valuations/Estimates

The first actuarial valuation of retirement allowances for accounting purposes was performed July 31, 2004 which showed an unfunded actuarial liability of $120,900.

Actuarial valuations of the Corporation's retirement allowances will be carried out periodically. An estimated update, which is a partial calculation based on an extrapolation of the most recent valuation, will be calculated by the Corporation at the end of each fiscal year.

Actuarial gains and losses will be amortized on a straight-line basis over the expected average remaining service life of the related employee group which is 13 years.

Actuarial valuations and estimates are based on a number of assumptions about future events, such as wage and salary increases and employee termination. The assumptions used reflect the Corporation's best estimates, expected salary increases of 3 percent per annum and the disclosed discount rate used to determine accrued benefit obligation is 6.25 percent.

(c) Cost of Retirement Allowances

The following schedule presents the cost of retirement allowances for the year ended July 31, 2004:

	Current Service Cost	Interest Cost	Net Cost
Retirement Pay	$6,900	$6,706	$13,606

The cost of retirement allowances, as described in the above schedule, are presented in the Statement of Income and Retained Earnings and are allocated to salaries and benefits and interest expenses.

14. Comparative Figures:

The presentation for the 2003 fiscal year has been restated to conform with the financial statement presentation adopted for the current year.

PRINCE EDWARD ISLAND

HOUSING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

Hon. J. Chester Gillan
Minister of Health and Social Services
Province of Prince Edward Island

I have audited the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 2005 and the statements of revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 1 to the financial statements describes the amortization policy of the Corporation. The note indicates that the amortization of rental properties and Federal-Provincial projects is equal to the principal reduction in the corresponding long-term indebtedness. In this respect the financial statements are not in accordance with Canadian generally accepted accounting principles.

In my opinion, except for the effects of the amortization method described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 28, 2005

STATEMENT 1

PRINCE EDWARD ISLAND HOUSING CORPORATION

BALANCE SHEET

AS AT MARCH 31, 2005

	2005	2004
ASSETS		
Current assets		
Cash	$ 19,700	$ 196,100
Accounts receivable	230,000	212,300
	249,700	408,400
Notes receivable - note 2	-	7,478,600
Mortgages receivable	87,800	119,300
Investment in properties		
Agreements of sale - note 3	25,900	28,400
Land for resale or development - note 4	270,100	272,800
Federal-Provincial projects - note 5	6,007,100	6,045,400
Rental housing projects - note 6	40,143,200	41,529,400
	46,446,300	47,876,000
TOTAL ASSETS	$46,783,800	$55,882,300
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accruals - note 7	$ 6,073,700	$ 2,890,400
Current portion of long-term debt	1,980,100	2,665,800
	8,053,800	5,556,200
Long-term liabilities		
CMHC - note 8	29,205,300	30,382,100
Province of PEI - note 9	4,619,400	15,016,200
	33,824,700	45,398,300
Reserves		
Co-operative and social housing	1,300	2,800
Equity contributed by the Province of PEI - note 11	4,904,000	4,925,000
TOTAL LIABILITIES AND EQUITY	$46,783,800	$55,882,300

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Revenue		
Appropriations from the Province of PEI - note 12	$4,637,300	$5,012,700
Gain on disposal of property	29,800	-
	4,667,100	5,012,700
Expenses		
Amortization	1,403,500	1,287,600
Interest	2,776,200	3,110,500
Property taxes	205,700	196,100
Grants issued	281,700	397,900
Loss on disposal of property	-	20,600
	4,667,100	5,012,700
Net result	$ -	$ -

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND HOUSING CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ -	$ -
Amounts charged against income not requiring an outlay of cash:		
Amortization of fixed assets	1,424,500	1,306,700
Amortization charged to contributed surplus	(21,000)	(19,100)
Donations of land	2,700	40,000
(Gain) Loss on disposal of property	(29,800)	20,600
	1,376,400	1,348,200
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(17,700)	25,200
Increase in accounts payable	3,183,300	194,100
Decrease in reserve	(1,500)	(79,200)
	4,540,500	1,488,300
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in notes receivable	7,478,600	1,331,200
Decrease in mortgages receivable	31,500	71,100
Decrease in agreements of sale	2,500	2,200
Proceeds from property transactions	29,800	175,500
	7,542,400	1,580,000
CASH FLOW FROM FINANCING ACTIVITIES		
Cash payments to reduce long-term debt obligations	(12,259,300)	(2,875,000)
Increase (decrease) in cash	(176,400)	193,300
Cash, beginning of year	196,100	2,800
Cash, end of year	$ 19,700	$ 196,100

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. **Significant Accounting Policies**

These financial statements have been prepared in accordance with the accounting policies set out below. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:

(a) Amortization on rental properties is equal to the principal reduction in the corresponding long-term indebtedness rather than their estimated useful life.

(b) Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement rather than their estimated useful life. Accumulated amortization represents principal reductions to date on the original investment of the Province of PEI.

2. Notes receivable were comprised of long-term loan funds provided by the Corporation for use by local credit unions providing real property mortgages in rural areas under the Rural Mortgage Lending Support Program. In March 2005, the credit unions fully repaid all balances owing to the Corporation.

3. Investments in properties under agreements of sale are recorded at cost less tenants' equity.

	2005	2004
Cost	$ 47,100	$ 47,100
Tenants' equity	(21,200)	(18,700)
	$ 25,900	$ 28,400

4. Investments in land for resale or development consist of the following:

	2005	2004
Hillsborough Development		
Developed - at cost	$ 45,400	$ 45,400
Undeveloped - at 1986 appraised values	110,500	110,500
Other undeveloped land	114,200	116,900
	$270,100	$272,800

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2005

5. **Investments in Federal-Provincial projects are recorded at the Housing Corporation's cost less accumulated amortization and consist of the following:**

	2005	2004
Family Housing	$2,248,600	$2,248,600
Senior Citizens Housing	3,930,400	3,930,400
Rural and Native Housing	244,800	252,500
	6,423,800	6,431,500
Less: accumulated amortization	416,700	386,100
	$6,007,100	$6,045,400

6. **Rental housing properties are recorded at cost less accumulated amortization and consist of the following:**

	2005	2004
Family Housing	$11,809,800	$11,809,800
Senior Citizens Housing	18,974,400	18,974,400
Homes for Special Care	21,371,300	21,371,300
Social Housing	17,900	17,900
	52,173,400	52,173,400
Less: accumulated amortization	12,030,200	10,644,000
	$40,143,200	$41,529,400

7. **Accounts payable and accruals consist of the following:**

	2005	2004
Province of PEI	$4,842,200	$1,358,600
Accrued interest	666,300	1,413,800
General	565,200	118,000
	$6,073,700	$2,890,400

8. **Long-term liabilities payable to the Canada Mortgage and Housing Corporation consist of the following:**

	2005	2004
Mortgages payable	$26,549,200	$27,526,000
Debentures payable	3,797,900	3,893,800
Loans payable	-	33,100
	30,347,100	31,452,900
Less: current portion	1,141,800	1,070,800
	$29,205,300	$30,382,100

The above amounts include 77 individual balances with interest rates from 3.88% to 11.00% and maturity dates ranging from 2006 to 2029.

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2005

9. Long-term liabilities payable to the Province of PEI consist of the following:

	2005	2004
Debentures payable	$5,457,700	$16,595,200
Loans payable	-	16,000
	5,457,700	16,611,200
Less: current portion	838,300	1,595,000
	$4,619,400	$15,016,200

The above amounts include 29 individual balances with interest rates from 8.86% to 13.25% and maturity dates ranging from 2005 to 2024.

10. Principal portion of long-term debt repayments over the next five years are as follows:

2005/06	$ 1,980,100
2006/07	2,025,700
2007/08	2,035,100
2008/09	2,105,000
2009/10	2,008,500

11. Equity Contributed by the Province of PEI consists of the following:

	2005	2004
Deductions for the year:		
Senior Citizens Housing	$ 9,300	$ 8,400
Family Housing	11,700	10,700
	21,000	19,100
Balance, beginning of year	4,925,000	4,944,100
Balance, end of year	$4,904,000	$4,925,000

12. Provincial Appropriations

The appropriations from the Province of PEI represent amounts provided for program expenditures incurred directly by the Housing Corporation and do not relate to expenditures on activities administered by the Regional Health Authorities on the Corporation's behalf. Separate appropriations are provided for these Regional programs that are reported in their financial statements. The various revenues earned on Housing Corporation activities are reported in the Province's Public Accounts.

13. Fair Value of Financial Instruments

The fair value of the Corporation's cash, accounts receivable, notes receivable, mortgages receivable, accounts payable and accruals, and long-term liabilities approximates their carrying amounts.

PRINCE EDWARD ISLAND

HUMAN RIGHTS COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Human Rights Commission

I have audited the balance sheet of the Prince Edward Island Human Rights Commission as at March 31, 2005 and the statements of revenue, expenditures, and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 12, 2005

STATEMENT 1

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

BALANCE SHEET

AS AT MARCH 31, 2005

ASSETS

	2005	2004
Current Assets		
Cash	$ -	$7,819
Accounts receivable - General	339	1,420
Prepaids	910	387
	$ 1,249	$9,626

LIABILITIES AND SURPLUS (DEFICIT)

	2005	2004
Current Liabilities		
Bank advances	$13,947	$ -
Accounts payable	9,252	12,060
	23,199	12,060
Deficit - Statement 2	(21,950)	(2,434)
	$ 1,249	$9,626

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER: ______________________

COMMISSIONER: ______________________

STATEMENT 2

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

STATEMENT OF REVENUE, EXPENDITURES, AND DEFICIT

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Revenue		
Provincial Grant	$304,000	$318,200
Expenditures		
Bank charges	-	28
Cleaning	2,077	3,501
Commissioners' honoraria and expenses	18,818	26,339
Furniture and equipment - Note 2	1,938	3,808
Memberships and conferences	7,722	11,562
Miscellaneous	1,299	2,143
Office materials and supplies	2,663	2,905
Photocopying	3,576	3,884
Professional fees	155	10,524
Rent	18,500	17,500
Salaries and benefits - Note 4	255,670	226,605
Snow removal	995	1,230
Staff travel	4,911	5,410
Telephone	5,192	5,195
	323,516	320,634
Excess expenditures for the year	(19,516)	(2,434)
Deficit, beginning of year	(2,434)	-
Deficit, end of year	$ (21,950)	$ (2,434)

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Province of PEI for operations	$304,000	$327,647
Cash received from other sources for operations	-	1,350
Cash paid for salaries and benefits	(255,334)	(226,605)
Cash paid for materials and services	(70,432)	(90,889)
Net increase (decrease) in cash	(21,766)	11,503
Cash (bank advances), beginning of year	7,819	(3,684)
Cash (bank advances), end of year	$ (13,947)	$ 7,819

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. Purpose of the Organization

The P.E.I. Human Rights Commission is a corporate body which is responsible for administering and enforcing the provincial Human Rights Act. The Commission provides education and public information in the field of human rights. The Commission also inquires into and endeavours to effect a settlement of any complaint of a violation of the Human Rights Act filed with the Commission as prescribed by the Act.

2. Significant Accounting Policy

Basis of presentation

These statements were prepared in accordance with Canadian generally accepted accounting principles for non-profit organizations, with office equipment, furniture and computer software expensed in the year purchased. Furniture and equipment expensed for the year ended March 31, 2005 were $1,938 (2004 - $3,808).

3. Lease Commitment

The Commission has cancelled its lease on its office premises effective March 31, 2006. The Commission also leases a photocopier. The future minimum lease payments are as follows:

Fiscal Year	Amount
2006	$22,661
2007	3,161
2008	3,161
2009	3,161
2010	2,108
	$34,252

4. Salary and Benefits

a) Pension Costs

The employees at the Commission participate in a defined contribution pension plan. The Commission makes contributions amounting to 6.95% on that part of the salary on which Canada Pension Plan contributions are made and 8.75% on salary when Canada Pension Plan contributions are not required. The employee is not required to match or contribute to the pension. These contributions are paid to a Registered Retirement Plan as selected by the employee.

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

4. Salary and Benefits (continued...)

b) Vacation Pay and Retirement Allowances

Vacation Pay is recorded as a liability when earned. Liabilities for retirement and severance are funded by the Province when payments are due. No liability for retirement/severance is recognized in these statements.

c) Unsettled Contract

An estimate for retroactive pay on excluded employee contracts which were unsettled as of the statement date, has been included in accounts payable and salary and benefit expense.

5. Fair Value of Financial Assets and Liabilities

The fair value of the Commission's cash, accounts receivable, bank advances, and accounts payable approximate their carrying values.

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P.E.I. Lending Agency

Financial Statements
March 31, 2005

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
80 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074

April 27, 2005

Auditors' Report

To the Board of Directors

We have audited the balance sheet of **P.E.I. Lending Agency** as at March 31, 2005 and the statements of earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

P.E.I. Lending Agency

Balance Sheet

As at March 31, 2005

	2005 $	2004 $
Assets		
Cash	1,008,776	163,008
Accounts receivable (note 10)	3,547	253,298
Due from Province of Prince Edward Island (note 3)	2,690,000	8,831,778
Loans receivable (note 4)	130,372,719	141,083,593
Leased property (note 5)	595,400	771,795
Property holdings (note 6)	125,732	656,480
Investment in private company preferred shares	521,942	521,972
	135,318,116	152,281,924
Liabilities		
Accounts payable and accrued liabilities (note 10)	571,256	747,448
Due to Province of Prince Edward Island (note 3)	-	227,744
Notes payable (note 7)	134,746,820	151,306,692
	135,318,076	152,281,884
Contingent liabilities (note 8)		
Shareholders' Equity		
Retained earnings (deficit) - Beginning of year	40	(1,376,497)
Excess revenue for the year	-	1,376,537
Retained earnings - End of year	40	40
	135,318,116	152,281,924

Approved by the Board of Directors

______________________ Director

______________________ Director

P.E.I. Lending Agency

Statement of Earnings

For the year ended March 31, 2005

	2005		2004
	Budgeted (Unaudited) **$**	**Actual** **$**	**Actual** **$**
Revenue			
Grants from Province	746,200	3,436,200	4,529,100
Interest from borrowers	10,577,403	9,328,971	10,460,870
Interest from deposits	25,000	27,166	29,039
Prepayment Interest	-	22,927	-
Agricultural leases	76,197	62,571	75,493
Service fees	60,000	156,452	104,615
Post-receivership income	-	22,600	-
Gain on disposal of property holdings	-	85,162	12,172
	11,484,800	13,142,049	15,211,289
Expenses			
Office supplies and printing	23,100	18,350	20,610
Telecommunications	14,800	9,120	11,540
Rent and occupancy	107,800	102,312	105,716
Meetings and hosted conferences	4,000	5,460	3,897
Computer equipment	10,000	10,700	10,585
Advertising and promotion	3,000	3,738	5,499
Office equipment rentals	9,500	5,439	5,487
Library and subscriptions	1,200	1,372	1,750
Repairs and maintenance	6,000	-	273
Miscellaneous	1,500	3,219	3,291
Professional services	42,000	36,720	82,542
Salaries and benefits	834,855	853,053	802,202
Travel and training	39,600	20,799	23,275
Interest (note 10)	8,761,200	7,742,762	8,752,937
Provision for possible losses	1,626,245	4,329,005	4,005,148
	11,484,800	13,142,049	13,834,752
Excess revenue for the year	-	-	1,376,537

P.E.I. Lending Agency

Statement of Cash Flows

For the year ended March 31, 2005

	2005 $	2004 $
Cash provided by (used in)		
Operating activities		
Excess revenue for the year	-	1,376,537
Item not affecting cash		
Gain on disposal of property holdings	(85,162)	(12,172)
	(85,162)	1,364,365
Net change in non-cash working capital items		
Decrease in accounts receivable	249,751	620,056
Increase (decrease) in accounts payable and accrued liabilities	(176,192)	28,410
Decrease in due to Province of Prince Edward Island - current operations	(2,917,744)	(3,722,700)
	(2,929,347)	(1,709,869)
Financing activities		
Decrease in leased property (net)	176,395	238,916
Decrease in loans receivable (net)	10,710,874	940,807
Decrease in due from Province of Prince Edward Island - allowance for possible losses	8,831,778	3,308,092
Increase in notes payable	24,100,000	13,300,000
Retirement of notes payable	(40,659,873)	(17,385,844)
Decrease (increase) in investment	30	(26,972)
	3,159,204	374,999
Investing activities		
Additions to and purchases of property holdings	(5,172,403)	(849,101)
Reductions and proceeds on disposal of property holdings	5,788,314	2,321,043
	615,911	1,471,942
Change in cash	845,768	137,072
Cash - Beginning of year	163,008	25,936
Cash - End of year	1,008,776	163,008
Supplementary disclosure		
Interest and dividends received	9,434,269	10,536,363
Interest paid	7,964,160	8,707,069

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2005

1 Status of the corporation

P.E.I. Lending Agency is a Crown corporation established by a proclamation of the Lending Agency Act dated December 31, 1998. The Agency's financial results are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

a) Allowance for possible losses

An allowance is maintained which is considered adequate to absorb all credit losses and off-balance sheet items including guarantees. The allowance is deducted from the applicable asset on the balance sheet, except for guarantees. The allowance for guarantees of $50,000 (2004 - $50,000) is included in accounts payable.

The allowance consists of specific and general provisions.

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions total $8,806,228 (2004 - $10,661,633).

The company reviews its loan portfolios and leased properties on an ongoing basis to assess whether a loan should be classified as impaired, or an allowance or write-off recorded.

A variety of methods are used to determine the amount expected to be recovered from impaired loans and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision of $2,487,931 (2004 - $2,138,457) includes accumulated allowances for losses which are prudential in nature and cannot be specifically identified. The general provision is based on past performance of similar loans, the level of the specific provision, management's judgement, the economic climate and the maturity and financial strength of the investee.

b) Loans receivable

Working capital loans are issued to qualified lenders and are recorded at cost less an allowance for possible losses. These loans bear interest at the Toronto Dominion Bank prime rate plus 1% to 2 ¾% and are repayable at the end of each sector's operating season or specific project.

Mortgage loans consist of loans issued to Prince Edward Island enterprises for purposes of acquiring property and equipment. These loans are recorded at cost less an allowance for possible losses. These loans are issued at long-term interest rates and are repayable over various terms to a maximum of 20 years with interest rates ranging from 5% to 14%.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2005

Interest income is recorded on the accrual basis until such time as the loan is classified as non-current. A loan is classified as non-current when the Corporation has been unsuccessful in its attempt to collect arrears payments or have the loan satisfied.

An impaired loan is a loan in arrears in excess of 120 days or where in management's opinion there is no longer reasonable assurance as to the timely collection of the full amount of the principal and interest.

c) Leased property

Leased property represents the cost to acquire agricultural property based on appraised market value at the inception of the lease less an allowance for possible losses. Operating leases are negotiated with the lessee for a maximum of 5 years at a rate of interest tied to commercial lending rates. The lease rates currently range from 8.5% to 10.5%. The lease may be renewed for one five-year term after which time the lessee must repurchase the property.

Lease income is recorded on an accrual basis until the lease is repaid or the property is transferred to property holdings - foreclosed projects. When a lease is in arrears in excess of 120 days or when in management's opinion there is no longer reasonable assurance of the timely collection of the full amount of principal and interest, the lease is classified as impaired.

d) Property holdings and amortization

Office furniture and equipment and computer equipment are fully expensed in the year of acquisition. The amount expensed during the year ended March 31, 2005 was $10,700 (2004 - $11,267).

Foreclosed projects are carried at the lower of cost of the impaired asset prior to realization of the related security and the underlying estimated realizable value of the security.

The reduction from cost to estimated realizable value is recorded as an allowance for possible losses.

e) Investment in private company

Investment in preferred shares of a private company is recorded at the lower of cost and estimated realizable value.

It is not practical within constraints of timelines and cost to determine the fair value of the investment as it is a closely held private company that has no organized financial market. The estimated realizable value of this investment is based on expected future cash flows.

f) Pension liabilities

The Corporation's staff are members of the Province of Prince Edward Island pension plan. The pension plan obligation is a liability of the Province and not the Corporation and no liability for these costs has been accrued by the Corporation at March 31, 2005.

P.E.I. Lending Agency
Notes to Financial Statements
March 31, 2005

g) Estimated realizable value of financial instruments

Estimated realizable value (fair value) is subjective in nature requiring a variety of valuation techniques and assumptions. The company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their estimated realizable value. Where it is possible to estimate realizable value, the company assumes that it will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the estimated realizable value of the company's financial instruments. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

h) Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

3 Due from (to) the Province of Prince Edward Island

	2005 $	2004 $
Current operations		
Balance - Beginning of year	(227,744)	(3,950,444)
Repaid to the province	227,744	-
Grant receivable	2,690,000	3,722,700
Balance - End of year	2,690,000	(227,744)
Allowance for possible losses		
Balance - Beginning of year	8,831,778	12,139,870
Less: payment during the year	(8,831,778)	-
Less: write-offs during the year	-	(3,308,092)
Balance - End of year	-	8,831,778

As at March 31, 2005, the Province paid the remaining balance of $8,831,778 to P.E.I. Lending Agency as allowance for possible losses. P.E.I. Lending Agency paid down notes payable to the Province by the same amount as at March 31, 2005.

P.E.I. Lending Agency

Notes to Financial Statements
March 31, 2005

4 Loans receivable

					2005	2004
		Impaired loans included in total	Allowance for possible losses			
	Total $		General $	Specific $	Net $	Net $
Working capital loans						
Agriculture	9,052,749	641,674	487,931	1,540,000	7,024,818	8,169,936
2003 Fur Program	529,188	-	-	-	529,188	379,187
Tourism	613,790	-	-	-	613,790	610,584
Manufacturing and processing	4,338,454	-	-	100,375	4,238,079	9,551,593
Fisheries	883,136	-	-	-	883,136	819,550
Aquaculture	5,698	-	-	-	5,698	7,326
Small business	104,542	-	-	-	104,542	70,845
Cranberry	188,543	-	50,000	-	138,543	285,292
Beef Cash Flow	211,329	-	-	-	211,329	-
Hog Program	7,841,159	-	-	-	7,841,159	3,523,333
Aerospace	-	-	-	-	-	1,130,413
Information technology	67,307	-	-	-	67,307	59,493
	23,835,895	641,674	537,931	1,640,375	21,657,589	24,607,552
Mortgage loans receivable						
Agriculture	8,720,007	4,010,360	200,000	225,000	8,295,007	7,541,814
New farmer	33,721	-	-	-	33,721	32,915
Tourism	24,480,261	1,415,748	250,000	-	24,230,261	15,286,820
Manufacturing and processing	28,539,473	2,141,725	200,000	530,639	27,808,834	43,010,742
Fisheries	7,319,401	2,522,574	-	1,973,000	5,346,401	7,289,325
Aquaculture	156,609	136,652	-	-	156,609	60,629
Small business	11,664,279	-	100,000	700,000	10,864,279	10,770,113
Blueberry	10,206,424	3,414,610	1,200,000	860,000	8,146,424	7,649,306
Cranberry	2,011,687	695,894	-	400,000	1,611,687	1,439,571
2000 Hog Program	48,027	-	-	-	48,027	68,970
Aerospace	17,741,350	-	-	-	17,741,350	18,851,043
Information technology	1,402,712	-	-	-	1,402,712	1,503,704
Other	5,507,032	3,305,458	-	2,477,214	3,029,818	2,971,089
	117,830,983	17,643,021	1,950,000	7,165,853	108,715,130	116,476,041
	141,666,878	18,284,695	2,487,931	8,806,228	130,372,719	141,083,593

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2005

Continuity of allowance for possible losses

	2005 $	2004 $
Allowance for possible losses - Beginning of year	10,427,223	8,313,767
Add: Provision recorded during year	4,285,402	2,779,480
Less: Transferred to property holdings	(2,480,441)	(512,000)
Less: Loans written off during the year	(938,025)	(154,024)
Allowance for possible losses - End of year	11,294,159	10,427,223

5 Leased property

	2005					2004
		Impaired loans included	Allowance for possible losses			
	Total $	in total $	General $	Specific $	Net $	Net $
Agricultural leases	595,400	182,625	-	-	595,400	771,795

Continuity of allowance for possible losses

	2005 $	2004 $
Allowance for possible losses - Beginning of year	96,000	92,700
Add: Provision recorded during year	-	3,300
Less: Transferred to property holdings	(96,000)	-
Allowance for possible losses - End of year	-	96,000

6 Property holdings

	2005 $	2004 $
Foreclosed projects - land, buildings and equipment held for resale	1,118,449	2,933,347
Less: Allowance for possible losses	992,717	2,276,867
	125,732	656,480

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2005

Continuity of allowance for possible losses

	2005 $	2004 $
Allowance for possible losses - Beginning of year	2,276,867	3,683,412
Add: Provision recorded during year	43,603	1,222,363
Add: Transferred from loans receivable	2,480,441	512,000
Add: Transferred from lesed property	96,000	-
Less: Write-offs	(3,904,194)	(3,140,908)
Allowance for possible losses - End of year	992,717	2,276,867

7 Notes payable

	2005 $	2004 $
Short-term promissory notes	11,100,010	16,551,802
Long-term	123,646,810	134,754,890
	134,746,820	151,306,692

Short-term promissory notes are issued to the Province of Prince Edward Island with interest set monthly based on the Province's short-term lending rate in existence at the first day of the month. These notes are renewed on an ongoing basis with interest payable monthly.

The notes payable - long-term are issued to the Province of Prince Edward Island and have various repayment terms and interest rates ranging from 4.95% to 8.50%.

The aggregate amount of principal payments required in each of the next five years to meet retirement provisions is as indicated below. Certain notes becoming due during the next five years have been assumed to be refinanced under similar terms:

	$
For the year ending March 31, 2006	9,641,422
2007	9,146,195
2008	9,646,956
2009	8,662,629
2010	9,152,178

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2005

8 Contingent liabilities

a) As of March 31, 2005, P.E.I. Lending Agency was contingently liable under a loan guarantee on behalf of a development company in the amount of $65,949 (2004 - $81,563) for which P.E.I. Lending Agency has included $50,000 in its allowance for possible losses. This portion of the allowance for possible losses is included in accounts payable. The guarantee is secured by a realty mortgage, and proceeds from liquidation are expected to cover the remaining amount of the guarantee.

b) A counterclaim has been commenced against P.E.I. Lending Agency by two individuals in response to an action against these individuals for a deficiency remaining after realization on collateral held by the P.E.I. Lending Agency. The counterclaim seeks special and general damages of an unspecified amount, as well as punitive damages and costs.

The claim and counterclaim are presently ongoing, however, management has determined that no liability is likely to arise as a result of this counterclaim.

9 Commitments

The P.E.I. Lending Agency new loans approved but not disbursed at March 31, 2005 amount to $3,394,950 (2004 - $9,270,003).

10 Related party transactions

Balance Sheet

Included in accounts receivable is nil (2004 - $246,314) due from the Province of Prince Edward Island.

Included in accounts payable and accrued liabilities is $346,419 (2004 - $567,817) in accrued interest payable to the Province of Prince Edward Island.

Statement of earnings

Included in expenses is $7,742,762 (2004 - $8,752,937) in interest paid/payable to the Province of Prince Edward Island.

The above transactions were recorded in the normal course of operations.

11 Operating lease

The minimum annual lease payment required in the next year under an operating lease expiring March 31, 2006 is $41,123 in base rent plus common area expenses of approximately $60,000 annually.

P.E.I. Lending Agency
Notes to Financial Statements
March 31, 2005

12 Interest rate risk

The following table sets out the assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the Agency's interest rate risk position is limited by the fact that borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing date. Examples of this include mortgages, which are shown at contractual maturity but which could prepay earlier.

	Within 1 year $	After 1 year but within 5 years $	After 5 years $	Not interest rate sensitive $	Provision for possible losses $	Total $
Assets						
Cash	1,008,776	-		-	-	1,008,776
Accounts receivable	-	-	-	3,547	-	3,547
Loans receivable	44,925,214	61,376,076	35,365,588	-	(11,294,159)	130,372,719
Leased property	595,400	-	-	-	-	595,400
Property holdings	-	-	-	1,118,449	(992,717)	125,732
Investment	-	-	521,942	-	-	521,942
Total assets	46,529,390	61,376,076	35,887,530	1,121,996	(12,286,876)	132,628,116
Liabilities and surplus						
Accounts payable and accrued liabilities	-	-	-	521,255	50,000	571,255
Notes payable	20,741,205	36,607,957	77,397,658	-	-	134,746,820
Deficit	-	-	-	(2,689,959)	-	(2,689,959)
Total liabilities and surplus	20,741,205	36,607,957	77,397,658	(2,168,704)	50,000	132,628,116
Interest rate sensitivity gap	25,788,185	24,768,119	(41,510,128)	3,290,700	(12,336,876)	-
Cumulative interest rate sensitivity gap	25,788,185	50,556,304	9,046,176	12,336,876	-	-

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PRINCE EDWARD ISLAND

LIQUOR CONTROL COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Liquor Control Commission

I have audited the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 2005 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 25, 2005

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

AS AT MARCH 31, 2005

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash	$1,321,989	$ 854,889
Accounts receivable	305,817	203,456
Inventories - Note 1(b)	2,633,280	2,659,695
Prepaid expenses	65,422	79,025
	4,326,508	3,797,065
Capital assets - Notes 1(a) and 2	4,294,742	5,002,130
	$8,621,250	$8,799,195
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals - General	$1,615,522	$ 941,564
- Province of P.E.I.	220,366	77,158
Debentures payable - current portion - Note 4	666,039	772,411
Due to the Province with respect to net income - Note 1(c)	1,935,492	2,458,192
	4,437,419	4,249,325
LONG TERM LIABILITIES		
Debentures payable - Note 4	4,183,831	4,549,870
	$8,621,250	$8,799,195

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER: ______________________

COMMISSIONER: ______________________

STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2005

		2005		2004
SALES		$70,967,804		$69,338,560
Less: Provincial Health Tax	$12,255,953		$12,004,386	
Provincial Sales Tax	5,344,399		5,203,060	
Federal Goods & Services Tax	4,406,805	22,007,157	4,285,882	21,493,328
NET SALES		48,960,647		47,845,232
COST OF GOODS SOLD		28,617,562		27,686,895
GROSS PROFIT		20,343,085		20,158,337
EXPENSES				
Amortization	916,058		851,781	
Insurance and taxes	187,319		191,870	
Interest on long-term debt	329,858		337,860	
Leases - Note 3	882,997		894,739	
Other operating expenses	742,038		728,122	
Repairs and maintenance	509,762		494,982	
Salaries and benefits - Note 5	6,454,130		6,296,971	
Store and office expenses	277,842		314,611	
Travel	111,957		101,396	
Utilities	624,144	11,036,105	596,905	10,809,237
		9,306,980		9,349,100
OTHER INCOME		1,621,313		1,294,107
NET INCOME - Note 1(c)		$10,928,293		$10,643,207

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Cash provided by (used for):		
OPERATING ACTIVITIES		
Net income for the year	$10,928,293	$10,643,207
Amounts charged against income not requiring an outlay of cash:		
Amortization	916,058	851,781
Loss (Gain) on disposal of capital assets	-	(30,170)
	11,844,351	11,464,818
Changes in non-cash working capital:		
(Increase) Decrease in accounts receivable	(102,361)	1,398
(Increase) Decrease in inventories	26,415	82,458
(Increase) Decrease in prepaid expenses	13,603	46,399
Increase (Decrease) in accounts payable	817,166	21,226
Net cash provided by operating activities	12,599,174	11,616,299
FINANCING ACTIVITIES		
Cash payments to Provincial Treasury	(11,450,993)	(10,967,542)
Loans from Province	300,000	1,205,000
Debenture repayment	(772,411)	(632,465)
Net cash used for financing activities	(11,923,404)	(10,395,007)
INVESTING ACTIVITIES		
Acquisition of capital assets	(208,670)	(1,233,949)
Proceeds on disposition of capital assets	-	30,170
	(208,670)	(1,203,779)
Increase in cash	467,100	17,513
Cash at beginning of year	854,889	837,376
Cash at end of year	$ 1,321,989	$ 854,889

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. Summary of significant accounting policies

(a) Capital Assets
Capital assets are stated at cost less accumulated amortization. Amortization of buildings, furniture and equipment and leasehold improvements are calculated on a straight-line basis at the rates indicated in Note 2.

(b) Inventories
Inventories are valued at the lower of first-in, first-out cost and net realizable value.

(c) Net Income
All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Operating Fund on a continuing basis as excess cash becomes available.

2. Capital Assets

		2005			2004
	Amortization Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land		$ 85,537	$ -	$ 85,537	$ 85,537
Buildings	5%	4,316,134	2,836,787	1,479,347	1,447,890
Equipment	10 & 20%	1,237,669	1,146,997	90,672	139,092
Vehicles	30%	100,850	45,382	55,468	85,722
Leasehold Improvements	10%	3,952,905	2,108,828	1,844,077	2,195,972
Financial Information System	20%	1,953,994	1,214,353	739,641	1,047,917
		$11,647,089	$7,352,347	$4,294,742	$5,002,130

3. Leases

The Prince Edward Island Liquor Control Commission leases various pieces of computer hardware and software as well as 13 retail outlets which have maturity dates between fiscal 2006 and 2018. Future minimum lease payments are as follows:

Fiscal Years	Amount
2006	$ 712,418
2007	526,708
2008	440,522
2009	375,527
2010	352,024
2011-2018	1,634,344
	$4,041,543

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2005

4. Debentures Payable - Province of Prince Edward Island

	Balance March 31, 2005	Less Current Portion	Long Term Liability
Cornwall Repayable in equal annual installments of $35,184 including interest @ 6.75% per annum, maturing December 10, 2006.	$ 63,835	$ 30,875	$ 32,960
Stratford Repayable in equal annual installments of $40,415 including interest @ 7.375% per annum, maturing February 10, 2007.	72,692	35,054	37,638
Borden-Carleton Repayable in equal annual installments of $37,442 including interest @ 5.74% per annum, maturing January 21, 2008.	100,565	31,669	68,896
Kensington Repayable in equal annual installments of $49,143 including interest @ 6.70% per annum, maturing November 8, 2009.	203,126	35,534	167,592
North Rustico Repayable in equal annual installments of $38,936 including interest @ 6.79% per annum, maturing March 24, 2010.	160,547	28,035	132,512
Charlottetown (Oak Tree) Repayable in equal annual installments of $197,398 including interest @ 6.79% per annum, maturing March 24, 2010.	813,942	142,131	671,811
Cardigan Repayable in equal annual installments of $55,381 including interest @ 6.40% per annum, maturing February 16, 2011.	268,941	38,170	230,771
Summerside (Waterfront) Repayable in equal annual installments of $88,042 including interest @ 6.77% per annum, maturing July 18, 2011.	478,314	55,660	422,654

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2005

4. Debentures Payable - Province of Prince Edward Island (continued)

	Balance March 31, 2005	Less Current Portion	Long Term Liability
Financial Information System Repayable in equal annual installments of $195,599 including interest @ 6.57% per annum, maturing March 28, 2012.	1,070,126	125,291	944,835
Wood Islands Repayable in equal annual installments of $33,052 including interest @ 5.85% per annum, maturing November 27, 2012.	206,467	20,973	185,494
Charlottetown (Queen Street) Repayable in equal annual installments of $60,016 including interest @ 5.61% per annum, maturing August 1, 2013.	415,229	36,722	378,507
Tignish Repayable in equal annual installments of $99,684 including interest @ 5.40% per annum, maturing January 9, 2014.	696,086	62,096	633,990
Charlottetown (Head Office) Repayable in equal annual installments of $38,889 including interest @ 5.02% per annum, maturing March 7, 2015.	300,000	23,829	276,171
	$4,849,870	$666,039	$4,183,831

The total principal repayment for the next five years is as follows:

2006	$ 666,039
2007	708,740
2008	678,603
2009	684,208
2010	727,857
Total	$3,465,447

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2005

4. Debentures Payable - Province of Prince Edward Island (continued)

	Balance March 31, 2005	Less Current Portion	Long Term Liability
Financial Information System Repayable in equal annual installments of $195,599 including interest @ 6.57% per annum, maturing March 28, 2012.	1,070,126	125,291	944,835
Wood Islands Repayable in equal annual installments of $33,052 including interest @ 5.85% per annum, maturing November 27, 2012.	206,467	20,973	185,494
Charlottetown (Queen Street) Repayable in equal annual installments of $60,016 including interest @ 5.61% per annum, maturing August 1, 2013.	415,229	36,722	378,507
Tignish Repayable in equal annual installments of $99,684 including interest @ 5.40% per annum, maturing January 9, 2014.	696,086	62,096	633,990
Charlottetown (Head Office) Repayable in equal annual installments of $38,889 including interest @ 5.02% per annum, maturing March 7, 2015.	300,000	23,829	276,171
	$4,849,870	$666,039	$4,183,831

The total principal repayment for the next five years is as follows:

2006	$ 666,039
2007	708,740
2008	678,603
2009	684,208
2010	727,857
Total	$3,465,447

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PRINCE EDWARD ISLAND LOTTERIES COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To the Members of the
Prince Edward Island Lotteries Commission

I have examined the balance sheet of the Prince Edward Island Lotteries Commission as at March 31, 2005 and the statement of operations for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 4, 2005

STATEMENT 1

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

BALANCE SHEET

MARCH 31, 2005

	2005	2004
ASSETS		
CURRENT ASSET		
Due from Province of Prince Edward Island	$185,763	$26,316
OTHER ASSETS		
Share in Atlantic Lottery Corporation Inc. - at cost	100	100
Share in Interprovincial Lottery Corporation - at cost	1	1
	101	101
	$185,864	$26,417
LIABILITY AND CONTRIBUTED SURPLUS		
CURRENT LIABILITY		
Due to Atlantic Lottery Corporation Inc.	$185,763	$26,316
CONTRIBUTED SURPLUS - Note 2	101	101
	$185,864	$26,417

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

STATEMENT 2

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2005

	2005	2004
REVENUE		
Distribution of Atlantic Lottery Corporation Inc. net profit - Note 1	$17,494,075	$18,122,221
EXPENSES - Note 1		
Remittance to Province of Prince Edward Island	16,555,475	17,188,621
Grant to P.E.I. Harness Racing Industry Association	933,600	933,600
Honoraria	5,000	-
	17,494,075	18,122,221
NET OF REVENUE AND EXPENSES	$ -	$ -

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. Description of Business

The Government of Prince Edward Island operates no lotteries but the Province, through its ownership of the Prince Edward Island Lotteries Commission, is a shareholder in the Atlantic Lottery Corporation Inc. (ALC) and in the Interprovincial Lottery Corporation. The ALC is jointly owned by the four Atlantic Provinces or their lottery agencies, and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. The ALC also markets and handles regionally the products of the Interprovincial Lottery Corporation, which is jointly owned by the ten Canadian provinces. Investments in the ALC and in the Interprovincial Lottery Corporation are carried at cost, and their net profits are distributed to the shareholders.

The ALC's profit is distributed to each of the four Atlantic Provinces or their lottery agencies. The distribution to each province consists of the calculated profit in each province as determined by the Amended and Restated Unanimous Shareholders' Agreement.

2. Contributed Surplus

Contributed surplus represents amounts paid by the Province of Prince Edward Island on behalf of the Prince Edward Island Lotteries Commission to the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation in exchange for share capital.

3. Construction in Progress

The Province of Prince Edward Island has entered into an arrangement whereby the Atlantic Lottery Corporation Inc. (ALC) is to construct and operate a centre in Charlottetown, Prince Edward Island, to provide gaming entertainment, restaurant services and new pari-mutual facilities intended to revitalize the harness racing industry in the Province. The project, including the purchase of land, is expected to cost $27 million and is expected to be completed in the 2005-06 fiscal year. All costs associated with the project are attributed to the Province of Prince Edward Island. The costs are being capitalized in the ALC's accounts and the net proceeds from the centre's operations are expected to cover the debt amortization. The capitalized cost of construction in progress was $7.7 million as at March 31, 2005.

4. Financial Instruments

The fair value of the Commission's receivable (due from the Province of Prince Edward Island) and payable (due to Atlantic Lottery Corporation Inc.) approximate their carrying values.

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PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
FINANCIAL STATEMENTS
DECEMBER 31, 2004

AUDITOR'S REPORT

Honourable P. Mitchell Murphy
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island as at December 31, 2004 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Provincial Treasurer. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
September 1, 2005

STATEMENT 1

PENSION PLAN FOR MEMBERS OF THE LEGISLATIVE ASSEMBLY OF PRINCE EDWARD ISLAND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT DECEMBER 31, 2004

	2004	Restated 2003 - Note 1(a)
ASSETS		
Cash	$ 29,542	$ 193,557
Receivables		
Contributions - Members	6,119	5,139
Contributions - Province of P.E.I.	-	5,139
Other	35,997	12,293
	71,658	216,128
Investments - Notes 2(a) and 3	21,062,458	20,319,007
TOTAL ASSETS	21,134,116	20,535,135
LIABILITIES		
Accounts payable	62,824	64,871
NET ASSETS AVAILABLE FOR BENEFITS - STATEMENT 2	$21,071,292	$20,470,264

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PENSION PLAN FOR MEMBERS OF THE LEGISLATIVE ASSEMBLY OF PRINCE EDWARD ISLAND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	Restated 2003 - Note 1(a)
INCREASE IN ASSETS		
Investment income		
Interest	$ 398,080	$ 317,491
Dividends	213,030	201,181
	611,110	518,672
Market value increase - Note 2(a)	1,194,780	3,094,628
Contributions - Note 1(a)		
By Members	123,813	119,229
By Province of P.E.I.	-	119,229
	123,813	238,458
TOTAL INCREASE IN ASSETS	1,929,703	3,851,758
DECREASE IN ASSETS		
Benefits administration expenses	57,493	128,757
Investment management expenses	64,784	57,650
Pension benefits paid	1,159,659	871,586
Termination of service benefit paid	46,739	192,338
TOTAL DECREASE IN ASSETS	1,328,675	1,250,331
INCREASE IN NET ASSETS	601,028	2,601,427
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	20,470,264	17,868,837
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$21,071,292	$20,470,264

(The accompanying notes are an integral part of these financial statements.)

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. Description of Plan

The following description of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island is a summary only. For more complete information, reference should be made to the Full Plan Text.

a) General

The M.L.A. Pension Fund of Prince Edward Island (the old plan) and the Pension Plan for Members of the Legislative Assembly of Prince Edward Island (the new plan) were merged effective January 1, 2004. This merger resulted in the assets and obligations of the M.L.A. Pension Fund of Prince Edward Island being transferred to the Pension Plan for Members of the Legislative Assembly of Prince Edward Island. Amounts for 2003 report the combined financial position of the old and new plans as at December 31, 2003, and the combined operating results of the old plan for the nine months ended December 31, 2003 and of the new plan for the twelve months ended December 31, 2003.

The Pension Plan for Members of the Legislative Assembly is a contributory defined benefit plan for Members of the Legislative Assembly of Prince Edward Island.

The Legislative Assembly Act provides for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip and Opposition Whip.

b) Pension Benefits

(i) Service Prior to July 1, 1994

Any Member is entitled to a pension upon ceasing to be a Member or upon attaining the age of 50 years, whichever is later.

Annual Members' pensions are equal to the lesser of 75% of contributions and the average annual indemnity during the last five years of service. Annual Ministers' pensions are equal to the lesser of 75% of contributions as a Minister or one half of the highest annual salary as a Minister.

(ii) Service Subsequent to June 30, 1994

The normal retirement date for any participant is the date of attaining the age of 60 years, or on which the participant's age plus years of continuous service after June 30, 1994 equals 80 years, whichever is earlier. Participants who elect to retire early may receive a reduced pension upon attaining the age of 50 years.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2004

1. Description of Plan

b) Pension Benefits

(ii) Service Subsequent to June 30, 1994 (continued)

Pensions for participants who retired prior to April 1, 2001 are calculated as follows:

(A) Monthly Members' pensions are equal to 2% of the average monthly indemnity received as a Member, excluding allowances, during the 36 consecutive calendar months, or less if there are less than 36 months, which produce the greatest average, multiplied by the number of years of continuous service as a Member after June 30, 1994.

(B) Monthly Ministers' pensions are equal to 2% of the average monthly salary received as a Minister during the 36 consecutive calendar months, or less if there are less than 36 months, which produce the greatest average, multiplied by the number of years of continuous service as a Minister after June 30, 1994. The definition of Minister includes non-Ministerial service to the executive branch of government in addition to service as a Member.

On June 28, 2001 the Indemnities and Allowances Commission approved a new plan design which provides for annual pensions for participants who retire on or after April 1, 2001 to be calculated as follows:

(A) two percent of:

(1) the average annual indemnity received as a Member during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of service as a Member during the period from June 30, 1994 to March 31, 2001, plus

(2) the average annual salary received as a Minister during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of service as a Minister during the period from June 30, 1994 to March 31, 2001, plus

(3) for every appointment of paid non-Ministerial service to the executive branch of government in addition to service as a Member, the average annual salary received for such service during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of such service during the period from June 30, 1994 to March 31, 2001, plus

(B) twenty-five percent of the required contributions made by the participants commencing April 1, 2001, indexed annually by the percentage increase in the Consumer Price Index, subject to a maximum increase of 8% per annum.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2004

1. Description of Plan

b) Pension Benefits (continued)

Post retirement pensions are increased annually by an amount equal to the percentage increase in the Consumer Price Index, less 2% per annum, to a maximum of 8% per annum.

c) Death Benefits

Reduced benefits are payable to a surviving spouse or any dependent children upon the death of a participant.

In the event of the pre-retirement death of a participant having no surviving spouse or dependent children, an amount equal to the actuarial present value of the earned pension will be paid in a cash lump sum to the designated beneficiary or to the participant's estate.

d) Termination of Service Benefits

Any participant ceasing to be a Member of the Legislative Assembly prior to retirement or death may elect to leave the pension in the Plan or transfer the value of the pension to another prescribed retirement savings or pension plan.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province of Prince Edward Island and the Plan participants. They are prepared to assist in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual participants. The following accounting policies are considered significant.

a) Investments

With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

Changes in the market value of investments, including realized and unrealized gains resulting from changes in foreign exchange, are reflected in the financial statements as a market value adjustment.

b) Investment Transactions

Investment transactions are recorded on the settlement date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Distributions are recognized on the record date.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2004

3. Investments

a) Investments as of December 31, 2004 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$21,061,366
Cash held for investment	1,092
	$21,062,458

The investments of the Civil Service Superannuation Fund, the Pension Plan for Members of the Legislative Assembly of Prince Edward Island, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Each fund holds units in the Master Trust. As of December 31, 2004 there were 698,107.897 units held in the Master Trust, of which the Pension Plan for Members of the Legislative Assembly of Prince Edward Island held the following:

Number of units held	18,149.651
Market value per unit	$ 1,160.428
Market value of units held	$21,061,366

Investments of the Master Trust as of December 31, 2004 are as follows:

Canadian T-bills	$ 16,406,054
Other liquid assets	577,420
Bonds, debentures and notes	272,773,406
Canadian equity securities	395,780,736
Foreign equity securities	116,648,359
Accrued income receivable	3,406,586
Real estate	4,511,528
	$810,104,089

The investments totalling $810,104,089 include amounts which Master Trust fund managers have invested in their own pooled funds. The December 31, 2004 market values of these investments are as follows.

Beutel, Goodman & Company Ltd.	$ 25,535,975
Northwater Capital Management Inc.	181,587,778
Templeton Management Limited	116,648,359
	$323,772,112

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2004

3. Investments (continued)

b) Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The policy of the Master Trust is to invest in a diversified portfolio of investments based on criteria established in the Statement of Investment Policies and Procedures.

4. Obligations for Pension Benefits for Accounting Purposes

The present value of accrued pension benefits was determined using the projected benefit method pro rated on service and management's best estimate assumptions. The most recent actuarial valuation for accounting purposes prepared by Morneau Sobeco, a firm of consulting actuaries, disclosed a $3,257,700 surplus as of April 1, 2003. Management's estimated actuarial present value of accrued pension benefits and the surplus as of December 31, 2004, and the principal components of changes during the year then ended are as follows:

Actuarial present value of accrued pension benefits - December 31, 2003	$14,418,214
Benefits accrued	259,416
Interest accrued on benefits	1,101,633
Pension benefits paid	(1,159,659)
Termination of service benefit paid	(46,739)
Actuarial present value of accrued pension benefits - December 31, 2004	14,572,865
Net assets available for benefits	21,071,292
Surplus	$ 6,498,427

The economic assumptions used in determining the actuarial present value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions used in the valuation were:

Asset rate of return	7.90% per annum
Pension cost of living increases	2.50% per annum

The consolidated financial statements of the Province of Prince Edward Island record the pension obligation using the estimated surplus for accounting purposes.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2004

5. Funding Policy

Participants' contributions are set at 8% of remuneration, excluding allowances. The Province of Prince Edward Island is required to provide whatever level of funding is required, as determined by the Plan's actuary. The Province's funding policy during the period from when the Plan was established up to December 31, 2003, was to match participants' contributions. The Province ceased contributing to the Plan effective January 1, 2004.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of January 1, 2003. This valuation disclosed a $3,778,000 surplus as at January 1, 2003.

6. Subsequent Event

The Indemnities and Allowances Commission has approved a change effective April 1, 2005, whereby the age for commencement of unreduced pension benefits respecting service after June 30, 1994, is reduced from 60 to 55 years.

7. Supplementary Plan

These financial statements do not include the financial activities of a supplementary non-registered pension plan for MLAs holding office after June 30, 1994, which has two components, the benefits of which are paid out of the Province of Prince Edward consolidated fund:

a) Service Subsequent to June 30, 1994

Pension benefits financed entirely by the Province of Prince Edward Island without contributions from participants are calculated on the indemnity received as a Member, the salary received as a Minister, and the salary received for non-Ministerial service to the executive branch of government. The amount of benefits is approximately equal to those benefits provided by the Pension Plan for Members of the Legislative Assembly of Prince Edward Island.

and

b) Service Subsequent to March 31, 2004

Effective April 1, 2004, pensionable earnings include the non-taxable expense allowance (excluding any vehicle or mileage allowance) paid to participants. Participants' contributions, which are paid to the Province of Prince Edward Island, are calculated at eight percent of the non-taxable expense allowance, and annual benefits are calculated at twenty-five percent of contributions. The Province of Prince Edward Island is wholly responsible for any unfunded liability.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2004

7. Supplementary Plan (continued)

Supplementary plan benefits paid during the year ended December 31, 2004 totalled $87,718 compared to $71,049 paid during the year ended December 31, 2003.

The most recent actuarial valuation for accounting purposes prepared by Morneau Sobeco, a firm of consulting actuaries, disclosed a $2,439,400 unfunded liability as of April 1, 2003. Management's estimated actuarial present value of accrued pension benefits and the unfunded liability as of December 31, 2004, and the principal components of changes during the year then ended are as follows:

Actuarial present value of accrued pension benefits - December 31, 2003	$2,736,558
Benefits accrued	277,123
Plan amendment effective April 1, 2004	79,282
Interest accrued on benefits	229,933
Pension benefits paid	(87,718)
Actuarial present value of accrued pension benefits (unfunded liability) - December 31, 2004	$3,235,178

This estimate is also based on 2.50% per annum pension cost of living increases.

The consolidated financial statements of the Province of Prince Edward Island record the pension obligation using the estimated unfunded liability for accounting purposes.

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PRINCE EDWARD ISLAND

MUSEUM AND HERITAGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To The Board of Governors of the
Prince Edward Island Museum and Heritage Foundation

I have audited the balance sheet of the Prince Edward Island Museum and Heritage Foundation as at March 31, 2005 and the statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 13, 2005

STATEMENT 1

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 2005

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	2005 Total	2004 Total
ASSETS							
Current							
Cash	$ 32,736	$ 24,597	$ 3,352	$ -	$ 8,002	$ 68,687	$ 53,099
Short Term Investments - (Note 3)	83,135	-	-	-	-	83,135	255,000
Accounts Receivable							
- General	6,868	1,852	3,716	-	-	12,436	349,746
- Province of PEI	25,000	-	-	-	-	25,000	-
Amounts Due Between Funds - (Note 9)	(14,245)	-	-	-	14,245	-	-
Inventory - (Notes 2 & 4)	44,341	-	-	-	-	44,341	61,663
Prepaid expenses	3,336	-	-	-	-	3,336	1,053
	181,171	26,449	7,068	-	22,247	236,935	720,561
Long Term							
Investments - (Notes 2 & 10)	6	98,208	506,704	-	12,659	617,577	619,043
Land, Buildings and Equipment - (Notes 2 & 7)	26,602	-	-	-	-	26,602	35,975
Artifacts - (Note 2)	1	-	-	-	-	1	1
	26,609	98,208	506,704	-	12,659	644,180	655,019
	$207,780	$124,657	$513,772	$ -	$34,906	$881,115	$1,375,580
LIABILITIES AND FUND BALANCES							
Current							
Accounts Payable							
- General	$ 98,313	$ -	$ -	$ -	$ -	$ 98,313	$ 418,947
- Province of PEI	32,457	-	-	-	-	32,457	62,457
Deferred revenue	109,918	-	-	-	-	109,918	186,116
	240,688	-	-	-	-	240,688	667,520
Fund Balances - Statement 2							
Invested in Capital Assets	26,603	-	-	-	-	26,603	35,976
Externally Restricted - (Note 5)	-	124,657	513,772	-	-	638,429	634,914
Internally Restricted	-	-	-	-	34,906	34,906	41,662
Unrestricted	(59,511)	-	-	-	-	(59,511)	(4,492)
	(32,908)	124,657	513,772	-	34,906	640,427	708,060
	$207,780	$124,657	$513,772	$ -	$34,906	$881,115	$1,375,580

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: ______________________________

DIRECTOR: ______________________________

STATEMENT 2

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2005

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	2005 Total	2004 Total
REVENUES							
Provincial Grants - (Note 6)	$ 850,688	$ -	$ -	$ -	$ -	$ 850,688	$1,351,707
Federal Grants - (Note 11)	179,867	-	-	-	-	179,867	206,646
Memberships and Donations	26,812	-	-	-	-	26,812	145,398
Admissions and House Events	166,417	-	-	-	-	166,417	184,099
Publishing Sales	12,987	-	-	-	-	12,987	16,433
Investment Income	2,344	5,104	20,661	-	1,224	29,333	38,022
Other	62,569	-	-	-	-	62,569	244,710
	1,301,684	5,104	20,661	-	1,224	1,328,673	2,187,015
EXPENDITURES							
Amortization	17,777	-	-	-	-	17,777	12,891
Artifact Collection and Equipment	2,360	-	-	-	-	2,360	10,694
Bad Debts	13,180	-	-	-	-	13,180	112
Federal Projects - (Note 11)	109,320	-	-	-	-	109,320	747,656
Insurance, Taxes and Interest	24,844	-	-	-	-	24,844	22,042
Office and General	107,775	-	-	-	-	107,775	119,551
Public Programme	63,009	-	-	-	-	63,009	162,556
Publishing	59,884	-	13,000	-	-	72,884	31,413
Repairs and Maintenance	25,061	-	9,250	7,980	-	42,291	32,029
Travel	8,588	-	-	-	-	8,588	7,322
Utilities	75,820	-	-	-	-	75,820	67,627
Wages and Employee Benefits - (Note 8)	858,458	-	-	-	-	858,458	830,758
	1,366,076	-	22,250	7,980	-	1,396,306	2,044,651
Net Income (Loss) for the Year	(64,392)	5,104	(1,589)	(7,980)	1,224	(67,633)	142,364
Fund Balance, Beginning of Year	31,484	119,553	515,361	7,980	33,682	708,060	565,696
Fund Balance, End of Year	$ (32,908)	$124,657	$513,772	$ -	$34,906	$ 640,427	$ 708,060

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	Total 2005	Total 2004
SOURCES OF CASH							
Provincial Grants	$ 795,688	$ -	$ -	$ -	$ -	$ 795,688	$1,376,661
Federal Grants	(99,846)	-	-	-	-	(99,846)	458,790
Memberships and Donations	27,137	-	-	-	-	27,137	145,158
Operating Activities	498,982	-	-	-	-	498,982	326,914
Investment Income	3,580	4,012	18,434	-	545	26,571	35,880
	1,225,541	4,012	18,434	-	545	1,248,532	2,343,403
USES OF CASH							
Investment (Increase) Decrease	171,865	(3,774)	5,786	-	(545)	173,332	(329,950)
Inventory (Increase) Decrease	8,918	-	-	-	-	8,918	5,489
Prepaid Expenses (Increase) Decrease	(2,283)	-	-	-	-	(2,283)	-
Salaries	(858,458)	-	-	-	-	(858,458)	(843,607)
Other Operating Costs	(546,473)	-	-	(7,980)	-	(554,453)	(1,187,640)
	(1,226,431)	(3,774)	5,786	(7,980)	(545)	(1,232,944)	(2,355,708)
Cash Flow from Operations and Investment	(890)	238	24,220	(7,980)	-	15,588	(12,305)
Cash Flows on Interfund Transactions	20,870	-	(22,250)	1,380	-	-	-
Balance, Beginning of Year	12,756	24,359	1,382	6,600	8,002	53,099	65,404
Balance, End of Year	$ 32,736	$24,597	$ 3,352	$ -	$8,002	$ 68,687	$ 53,099

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

1. Purpose of the Organization

The Prince Edward Island Museum and Heritage Foundation is a registered charitable corporation whose purpose is to study, collect, preserve, interpret and protect the human and natural heritage of Prince Edward Island for the use, benefit and enjoyment of the people of the Province.

2. Significant Accounting Policies

a) Fund Accounting

The Operating Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Endowment Trust Fund was established to support and enhance the effort in the preservation and development of the Province's historic resources. The Endowment Fund reports resources contributed for endowment and the income earned on its investments. Expenditures from income of the Endowment Trust Fund are subject to approval of the Fund's trustees. Expenditures of the Fund's capital may be made with the approval of the Lieutenant Governor-in-Council.

The Publishing Trust Fund was established to finance publishing projects through loans to the Operating Fund. Money from the fund may be loaned to finance projects recommended by the Board's Publishing Committee and approved by the Board of Directors. Loans bear interest at the prevailing prime rate.

The Orwell Trust Fund was established to assure the recognition of the efforts of Orwell Corner Historical Site in becoming a financially viable operation. The Fund's resources are used to make improvements and enhancements to the historical site.

The Robert and Mildred Jaynes Trust was established to support the acquisition of property for the purpose of imposing restrictive covenants protecting historical, architectural, natural or cultural importance. Properties once protected will be offered for sale and proceeds returned to the Trust. Control of expenditures is governed by a Board of Trustees.

b) Amortization is calculated on the straight-line basis at the following rates:

Buildings	4%
Equipment	20%
Inventory	20%

Fully amortized equipment will be carried on the balance sheet at a nominal value of $1.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2005

c) The capitalization policy is to capitalize all additions greater than $5,000.

d) Property acquired as a result of a bequest of the late Julian Jaynes has not been capitalized as it is not used in ongoing operations.

e) Artifacts are recorded on the balance sheet at a nominal value of $1. Due to the nature of these items the historical and intrinsic value is not readily measurable.

f) Inventory has been valued at the lower of cost and net realizable value. Books published by the Foundation are amortized by the straight-line method to estimate net realizable value.

g) The value of donated materials and services is not reflected in the financial statements.

h) Investments are valued using the cost method. Interest revenue is recognized on strip bonds based on stated yield rates at purchase and cost is adjusted as income is recognized. For other investments interest revenue is recognized on an accrual basis and recorded cost represents the initial acquisition cost.

3. Short-Term Investments

Short-term investments are interest bearing investments that are carried at cost. Accrued interest is calculated and included in accounts receivable. Since these investments are held for a short period of time, their market value approximates their carrying value.

4. Inventory

	2005	2004
Publishing Inventory		
Original cost	$ 207,764	$207,098
Accumulated amortization	(177,314)	(168,911)
Inventory value	30,450	38,187
Giftshop/Book Inventory - at cost	13,891	23,476
	$ 44,341	$ 61,663

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2005

5. Externally Restricted Funds

(a) Robert and Mildred Jaynes Trust Fund

As a result of a bequest of the late Julian Jaynes the Foundation acquired land and building situated in Stratford and the Robert and Mildred Jaynes Trust Fund of $100,000 was established. The land and building have been leased in exchange for maintenance and insurance coverages on the property.

The Robert and Mildred Jaynes Trust Fund is administered by three trustees:

- The Minister of the Government of Prince Edward Island responsible for the Museum Act
- The Chairman of the Board of Governors of the Museum
- Mrs. Robert (Mildred) Jaynes, the Settler, and after her;
- The serving PEI Governor of the Heritage Canada Foundation

The trustees may use the principle and income of the fund to support Museum activity of acquiring property for the purpose of imposing restrictive covenants and offering protected properties for sale with proceeds being returned to the Trust. The trustees may also make loans to the Board of Governors of the PEI Museum and Heritage Foundation on such terms and conditions as the Trustees determine.

(b) Endowment Trust Fund

The Endowment Trust Fund is administered by three trustees:

- The Provincial Treasurer of PEI
- The Chief Justice of the Supreme Court of PEI
- The Chairman of the Board of Directors of the PEI Museum and Heritage Foundation.

Normally only the income from investments is expended. Expenditures are to be used on specific projects which are within the aims and objectives of the Foundation.

6. Provincial Grants

The Provincial Grants amount of $850,688 (2004 - $1,351,707) includes an operating grant of $796,534 (2004 - $787,330); French Services Claim revenue of $30,000 (2004 - $39,330); Orwell Corner project revenue of $ nil (2004 - $525,047); General Government grant of $20,000 (2004 - $ nil) and Employment Development Agency grant of $4,154 (2004 - $ nil).

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2005

7. Land, Buildings and Equipment

The recorded values of land and buildings represent those purchased and donated. Those purchased are recorded at cost and those donated are recorded at appraised value at the time of donation.

	2005			2004
	Recorded Value	Accumulated Amortization	Net Book Value	Net Book Value
Land				
Beaconsfield	$ 9,108	$ -	$ 9,108	$ 9,108
Warehouse	12,500	-	12,500	12,500
	21,608	-	21,608	21,608
Buildings				
Beaconsfield	104,216	104,216	-	-
Warehouse	234,343	229,350	4,993	14,366
Elmira Station	15,433	15,433	-	-
	353,992	348,999	4,993	14,366
Equipment	1	-	1	1
	$375,601	$348,999	$26,602	$35,975

8. Wages and Employee Benefits

Employees of the Prince Edward Island Museum and Heritage Foundation are members of the Prince Edward Island Civil Service Superannuation Plan. Other employee benefits and the employer's share of the plan benefits plus any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Foundation's financial statements.

During 2004-2005, the Foundation had funding for 210 weeks of employment at various historical sites from the Employment Development Agency. The employees are hired and wages are paid by the Prince Edward Island Employment Development Agency. The total wages and benefits paid to these employees during 2004-2005 was $56,146 and are not reflected in the financial statements of the Foundation.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2005

9. Amounts Due Between Funds

At March 31, 2005, the following amounts were due (to) from the Operating Fund:

Endowment Trust Fund	
Annual appropriation of interest income	$(22,250)
Transfers to Operating Fund	22,250
	-
Publishing Trust Fund	
Loan to Operating Fund plus accrued interest of 5%	$14,425

10. Investments

	2005 Net Book Value	2005 Market Value	2004 Net Book Value
Operating Fund			
Souris Credit Union Shares	$ 6	$ 6	$ 6
Publishing Trust Fund			
Government of Canada Coupon, yield 4.50% maturing June 1, 2005	12,659	12,703	12,114
Robert & Mildred Jaynes Trust			
Bonds:			
Province of British Columbia Bond, yield 6.00% maturing June 21, 2004	-	-	24,791
Bank of Montreal, yield 3.80%, maturing December 5, 2005	20,000	21,808	20,000
Province of British Columbia Bond, yield 5.99% maturing July 9, 2006	26,267	27,180	24,782
Government of Canada, yield 4.5% maturing September 1, 2007	25,568	25,767	-
Province of Saskatchewan Bond, yield 6.08% maturing October 10, 2008	26,373	28,416	24,861
	98,208	103,171	94,434

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2005

10. Investments (continued...)

	2005		2004
	Net Book Value	Market Value	Net Book Value
Endowment Trust Fund			
Bonds:			
Province of Ontario Coupon, yield 9.00%, maturing September 15, 2004	-	-	39,355
General Motors Acceptance Corporation 5.55% Medium Term Note due June 20, 2005	40,005	40,651	40,027
Strip Bonds:			
Province of Nova Scotia Coupon, yield 7.08%, maturing December 1, 2005	56,394	57,908	52,666
Sentinel Canada Prin. Ser.1, yield 5.87%, maturing October 1, 2006	25,505	26,368	24,091
Province of Newfoundland Coupon, yield 3.50%, maturing October 17, 2006	26,285	26,241	25,396
Trans Canada Pipeline Coupon, yield 4.00% maturing October 20, 2007	26,463	26,405	25,445
Province of Ontario Coupon, yield 5.06%, maturing December 2, 2007	27,337	28,386	26,020
Province of Quebec Coupon, yield 4.04%, maturing June 28, 2008	26,805	26,590	25,764
Province of Ontario Coupon, yield 5.17%, maturing December 2, 2008	25,419	26,613	24,170
Province of New Brunswick, yield 4.40%, maturing November 23, 2009	26,492	26,794	25,375
Province of Saskatchewan, yield 6.30%, maturing January 18, 2010	18,466	20,356	17,371
Province of Newfoundland, yield 5.30%, maturing August 15, 2011	18,356	19,169	17,432
GIC:			
Canadian Western Bank, yield 2.90%, maturing January 21, 2006	77,500	80,186	77,500
Citizens Bank, yield 4.15%, maturing September 29, 2009	19,800	20,212	-
Equity Investments:			
1670 Units Sovereign Cdn Equity Pool	40,826	43,472	40,826
1312 Units Sovereign US Equity Pool	30,640	21,737	30,640
988 Units Sovereign Overseas Equity Pool	20,411	16,528	20,411
	506,704	507,616	512,489
	$617,577	$623,496	$619,043

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2005

11. Federal Government Revenue and Project Expenditures

	2005		2004	
	Revenue	Expenditures	Revenue	Expenditures
Projects				
Association Francophone des Municipalities du NB Inc. Young Canada	$ 5,625	$ 7,138	$ -	$ -
Basin Head Marine Protected Area Project	-	-	20	20
Canadian Council of Archives Young Canada	3,898	5,253	-	-
Canadian Heritage Museum Assistance	7,320	12,094	32,549	32,549
Canadian Museums Association Young Canada	16,455	20,796	14,762	19,484
Cultural Spaces Canada Program Orwell Corner Project	122,394	32,481	135,758	669,290
Heritage Canada Foundation Young Canada	2,961	4,119	2,871	3,999
Human Resources Development Canada SCP Program	21,214	27,439	17,516	19,504
Summer Work/Student Exchange Program	-	-	2,810	2,810
	179,867	$109,320	206,286	$747,656
General Grant				
Canadian Heritage Canada Committee	-		360	
	$179,867		$206,646	

Revenue received during a year but not expended is reflected as deferred revenue.

The expenditures shown as incurred for the Orwell Corner Project, Cultural Spaces Program only reflect those expenditures made directly by the PEI Museum and Heritage Foundation. Other expenditures were also incurred for the Orwell Corner Project by the Province of Prince Edward Island and the Pioneer Village of Orwell Incorporated but are not reflected in the above.

The Prince Edward Island Museum and Heritage Foundation constructed a new facility of 8,373 sq. ft. to house the Prince Edward Island Agricultural Heritage Museum. A plan to build a second facility of 25,000 sq. ft. for a Collection and Conservation Centre at the Orwell Corner Historic Village was cancelled during 2003/2004.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2005

12. Fair Value of Financial Instruments

The fair value of the Museum's cash, investments, accounts receivable and accounts payable approximates their carrying values.

13. Comparative Figures

Certain 2004 financial statement figures have been reclassified to conform with the current year presentation.

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Financial Statements of

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Year ended March 31, 2005

BFM

Beaton Fitzpatrick Murray
Chartered Accountants and Advisors

A.W. Beaton, CA
G.J. Fitzpatrick, FCA
J.G. Murray, CA
P.J. Trainor, CA
J.J Dunn, CA

Bonded Warehouse
91 Water Street
P.O. Box 2158
Charlottetown
Prince Edward Island
C1A 8B9

Tel: (902) 892-5365
Fax: (902) 892-0383
Email: bfm@bfm.pe.ca
www.bfm.pe.ca

AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheet of Prince Edward Island Regulatory and Appeals Commission for the capital and operating funds as at March 31, 2005 and the statement of earnings and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Beaton Fitzpatrick Murray

Chartered Accountants

Charlottetown, P.E.I.
May 26, 2005

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet - Capital Fund

March 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Leaseholds and equipment (note 3)		
Leasehold improvements	$ 166,571	$ 177,986
Furnishings and equipment	50,576	54,666
Computer equipment	227,545	235,788
	444,692	468,440
Accumulated depreciation	330,597	326,939
	$ 114,095	$ 141,501
Liabilities and Surplus		
Surplus: Invested in capital assets (note 4)	$ 114,095	$ 141,501

See accompanying notes to financial statements.

On Behalf of the Board:

Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet

March 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets:		
Cash and term deposits (note 2)	$ 1,564,806	$ 1,236,017
Cash held in trust	5,770	10,983
Receivables - trade	26,607	31,050
- employees	2,053	5,492
Prepaid expenses	5,442	1,514
	$ 1,604,678	$ 1,285,056
Liabilities and Surplus		
Current liabilities:		
Accounts payable and accrued liabilities		
Trade	$ 131,657	$ 111,553
Vacation pay	50,868	50,419
Deposit guarantees - moving permits and rentalsman	5,770	10,983
Province of Prince Edward Island	363,169	750,949
	551,464	923,904
Deferred revenue (note 5)	575,029	-
Reserves (note 6)	5,235	6,275
Severance allowance	281,172	190,505
Surplus	191,778	164,372
Commitment (note 7)		
	$ 1,604,678	$ 1,285,056

See accompanying notes to financial statements.

On Behalf of the Board:

____________________ Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Earnings and Surplus

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Revenue:		
Assessments on public utilities	$ 297,334	$ 247,605
Assessments on auto insurance	135,062	-
Licenses - petroleum products	269,270	264,425
Permits - land and property division	245,156	159,675
Assessment - Province of Prince Edward Island	1,587,780	1,384,502
Investment income	31,880	45,542
	2,566,482	2,101,749
Expenses:		
Advertising	9,478	7,163
Cleaning	8,813	8,096
Computer maintenance and supplies	34,116	34,443
Depreciation	119,278	125,057
Education and development	18,619	7,663
Insurance	7,848	7,640
Office supplies	29,368	34,251
Part-time commissioners	38,158	24,780
Postage	4,708	4,263
Professional fees	112,303	113,414
Publications	28,829	24,164
Rent	157,410	156,564
Salaries and employee benefits	1,355,029	1,244,468
Telephone	26,826	26,541
Travel	41,710	36,375
	1,992,493	1,854,882
Earnings before Reserves transfer	573,989	246,867
Transfer from Reserves	1,040	5,756
	575,029	252,623
Deferred revenue (note 5)	(575,029)	(252,623)
Net earnings	-	-
Surplus, beginning of year	164,372	155,691
Transfer from capital fund	119,228	125,056
Transfer to capital fund for investment in capital assets	(91,822)	(116,375)
Surplus, end of year	$ 191,778	$ 164,372

See accompanying notes to financial statements.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2005

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, provincial rentalsman, auto insurance rate regulation and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act.

1. Significant accounting policies:

(a) Capital assets:

Leaseholds and equipment are stated at cost and are depreciated on the straight-line basis using the following annual rates:

Asset	Rate
Leasehold improvements	10% and 20%
Furnishings and equipment	20%
Computer equipment	33 1/3%

(b) Vacation pay and severance allowance:

Vacation pay is recorded as a liability when earned. Severance allowances are recognized when the employee meets the eligibility criteria.

(c) Pension costs:

Employees of the Commission belong to the civil service superannuation plan. Employees' contributions and matching employer's contributions are transferred to the Province of Prince Edward Island. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

(d) Investments:

Investments are recorded at the lower of cost and market value.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2005

1. Significant accounting policies (continued):

(e) Financial instruments:

The Commission's financial instruments consist of cash, accounts receivable, investments, and accounts payable. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

(f) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash and term deposits:

	2005	2004
Cash	$ 114,008	$ 61,641
Metro Credit Union Premium Investment Account	353,631	273,912
RBC Dominion Securities	499,258	258,198
Royal Bank of Canada - GIC account	440,641	488,620
Scotia Bank - GIC's	157,268	153,646
	$ 1,564,806	$ 1,236,017

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2005

3. Leaseholds and equipment:

	Cost	Accumulated depreciation	2005 Net book value	2004 Net book value
Leasehold improvements	$ 166,571	$ 144,002	$ 22,569	$ 43,722
Furnishings and equipment	50,576	37,869	12,707	22,822
Computer equipment	227,545	148,726	78,819	74,957
	$ 444,692	$ 330,597	$ 114,095	$ 141,501

4. Surplus - capital fund balance sheet

	2005	2004
Surplus, beginning of year	$ 141,501	$ 150,182
Capital assets purchased during current year	91,822	116,375
Reserve balance, end of year	$ 233,323	$ 266,557
Transfer to operating fund - depreciation	119,228	125,056
Surplus, end of year	$ 114,095	$ 141,501

5. Deferred revenue:

Pursuant to a three year provincial assessment agreement entered into with the Province of Prince Edward Island, the Commission has agreed to refund to the Province of Prince Edward Island, at the end of the agreement, the accumulated surplus, if any, for the years ended March 31, 2005, 2006, and 2007.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2005

6. Reserves:

	2005	2004
Reserve balance, beginning of year	$ 6,275	$ 12,031
Transfer to surplus	(1,040)	(5,756)
Reserve balance, end of year	$ 5,235	$ 6,275
Comprised of:		
Reserve for Uniform System of Accounts Study	5,235	5,235
Reserve for leasehold improvements		1,040
	$ 5,235	$ 6,275

7. Commitment:

The Commission has an operating lease for its premises at $ 11,643. per month plus common area charges, under a lease expiring in 2009.

The minimum annual lease payment to the expiry date is $ 139,716.

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P.E.I. SELF-INSURANCE AND RISK MANAGEMENT FUND

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To the Members of Treasury Board

I have examined the balance sheet of the Prince Edward Island Self-Insurance and Risk Management Fund as at March 31, 2005 and the statement of revenues, expenses and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 13, 2005

STATEMENT 1

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

BALANCE SHEET

AS AT MARCH 31, 2005

	2005	2004
ASSETS		
Current assets		
Accounts receivable		
Province of P.E.I. - Note 6	$8,782,739	$8,332,391
Other	7,884	3,779
	8,790,623	8,336,170
Prepaid expenses	56,075	67,826
	$8,846,698	$8,403,996
LIABILITIES AND FUND BALANCE		
Current liabilities		
Accounts payable	$ 91,080	$ 66,699
Unearned premiums	398,085	374,393
Provision for unsettled claims - Note 4	1,155,172	782,538
	1,644,337	1,223,630
Fund balance - Statement 2	7,202,361	7,180,366
	$8,846,698	$8,403,996

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF TREASURY BOARD:

MEMBER: ____________________

MEMBER: ____________________

STATEMENT 2

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Revenues		
Insurance premiums - Note 5	$1,822,642	$1,567,797
Interest - Note 6	33,040	40,298
Grant in lieu of interest - Note 6	175,000	175,000
Claim recoveries - Note 7	33,010	33,175
	2,063,692	1,816,270
Expenses		
Claims - Note 8	1,005,439	640,142
Consulting - Note 9	132,606	124,513
Insurance premiums - Note 10	680,019	786,394
Office and travel	9,117	12,547
Salary and benefits	214,516	203,281
	2,041,697	1,766,877
Net income for the year	21,995	49,393
Fund balance, beginning of year	7,180,366	7,130,973
Fund balance, end of year	$7,202,361	$7,180,366

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. Operations

The Prince Edward Island Self-Insurance and Risk Management Fund was established under Part II of the Financial Administration Act. The Fund provides general liability insurance, errors and omissions insurance, and primary property and crime insurance for government entities. The Fund is administered by Treasury Board.

2. Summary of Significant Accounting Policies

Prepaid Expenses:

Expenses paid for benefits continuing beyond March 31 are recorded as prepaid expenses.

Unearned Premiums:

Premiums received for coverage continuing beyond March 31 are recorded as unearned premiums.

Provision for Unsettled Claims:

The provision for unsettled claims represents management's best estimate for the full amount of all costs including investigation and the projected final settlements of reported claims. This provision is adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. The provision adjustment is recorded in claims expense in the current period.

Equipment:

Equipment is expensed in the year of acquisition.

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2005

3. Change in Accounting Policy

During the year ended March 31, 2004 the Prince Edward Island Self-Insurance and Risk Management Fund changed its accounting policy for claims from a settled claims basis to an accrued claims liability basis. This change was made in order to comply with a revision to the Canadian Institute of Chartered Accountants (CICA) Handbook, which now requires that the Fund's financial statements must be in accordance with Canadian generally accepted accounting principles. The net loss for the year ended March 31, 2003 and the fund balance at the beginning and at the end of that year are restated to reflect the change resulting from the retroactive application of the change in accounting policy, summarized as follows:

	2003 Fund Balance, Beginning of Year	2003 Net Income (Loss)	2003 Fund Balance, End of Year
Amounts previously reported	$8,018,809	$(110,349)	$7,908,460
Less: Increase (decrease) in provision for unsettled claims	812,856	(35,369)	777,487
Amounts restated	$7,205,953	$ (74,980)	$7,130,973

4. Provision for Unsettled Claims	2005	2004
General liability, errors and omissions		
Compensation amounts and professional services	$ 757,176	$580,205
Less: Estimated recoveries	10,394	8,052
	746,782	572,153
Primary property and crime		
Compensation amounts and professional services	501,747	314,458
Less: Estimated recoveries	93,357	104,073
	408,390	210,385
	$1,155,172	$782,538

5. Insurance Premiums Revenue	2005	2004
General liability, errors and omissions	$ 769,255	$ 742,823
Primary property and crime	895,305	824,974
Foster Parents Insurance Program	158,082	-
	$1,822,642	$1,567,797

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2005

6. Grant in Lieu of Interest

The account receivable from the Province of P.E.I. includes $6,887,571 that was invested in Provincial Deposit Receipts until March 31, 1997. At that time Treasury Board directed the investment be redeemed and replaced by a non-interest bearing account receivable from the Province of P.E.I. In lieu of interest on investments, an annual payment of $175,000 has been paid by the Province to the Fund. In addition, the Province pays interest on the remaining accounts receivable balance at the overnight call loan rate.

7. Claim Recoveries	2005	2004
General liability, errors and omissions	$ 1,880	$25,314
Primary property and crime	31,130	7,861
	$33,010	$33,175

8. Claims Expense	2005	2004
General liability, errors and omissions		
Compensation amounts - settled claims	$ 304,750	$ 113,479
Professional services - current cost	196,316	246,442
Increase (decrease) in provision for unsettled claims	174,631	(123,131)
	675,697	236,790
Primary property and crime		
Compensation amounts - settled claims	98,098	232,481
Professional services - current cost	33,640	42,689
Increase in provision for unsettled claims	198,004	128,182
	329,742	403,352
	$1,005,439	$640,142

9. Consulting Expense	2005	2004
Risk management studies	$ 17,500	$ 33,000
Consulting - risk management	44,880	38,000
Consulting - legal and accounting	27,446	28,263
Consulting - computer	-	4,625
Property inspections and programs	42,780	20,625
	$132,606	$124,513

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2005

10. Insurance Premiums Expense

	2005	2004
General liability, errors and omissions	$241,372	$315,962
Primary property and crime	438,647	470,432
	$680,019	$786,394

11. Cash Flow Statement

A cash flow statement has not been included in these financial statements. All receipts and payments flow through the Province's bank account. Since cash flow activity is reflected in the receivable/payable between the Fund and the Province, the presentation of cash flows in a financial statement format is not considered necessary.

12. Fair Value of Financial Instruments

The fair value of the Fund's accounts receivable, accounts payable and accruals approximates their carrying amounts.

PRINCE EDWARD ISLAND

SPECIAL PROJECTS FUND

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Special Projects Fund

I have audited the balance sheet of the Prince Edward Island Special Projects Fund as at March 31, 2005 and the statement of revenue, expenditures, and fund balances for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 10, 2005

STATEMENT 1

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

BALANCE SHEET

AS AT MARCH 31, 2005

	2005	2004
CURRENT ASSET		
Due from the Province of Prince Edward Island (Note 2)	$1,083,346	$1,286,827
FUND BALANCE		
Fund Balance - Statement 2	$1,083,346	$1,286,827

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

____

____

STATEMENT 2

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES

YEAR ENDED MARCH 31, 2005

	Health Care Stabilization	Development	Health Research	Sustainable Resource Support	Community Development	Education Stabilization	2005 Total	2004 Total
REVENUE								
Interest Income	$ -	$ -	$ 26,639	$ -	$ -	$ -	$ 26,639	$ 40,913
EXPENDITURES								
Grants	-	-	230,120	-	-	-	230,120	2,135,401
Excess expenditures over revenue	-	-	(203,481)	-	-	-	(203,481)	(2,094,488)
Fund balance, beginning of year	-	-	1,286,827	-	-	-	1,286,827	3,381,315
Fund balance, end of year	$ -	$ -	$1,083,346	$ -	$ -	$ -	$1,083,346	$1,286,827

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

1. The Prince Edward Island Special Projects Fund was established under Part III.I of the Financial Administration Act. Regulations were established which indicate the purpose of each program, the eligibility criteria, and the approval and disbursement process. The purposes of each program associated with the six separate funds that comprise the Special Projects Fund are listed below:

Health Care Stabilization Fund (Health Care Support Program)

(a) to ensure existing programs and services are maintained;
(b) to stabilize the workforce through the conversion of casual and temporary positions to permanent positions;
(c) to address the difficulties in recruiting staff for specialty service delivery areas; and
(d) to maintain a high standard of health care delivery.

Development Fund (Economic Development Projects Program)

(a) to fund economic development in the province; and
(b) to enable access to federal economic development assistance including, but not limited to, economic development agreements between the federal government and the province.

Health Research Fund (Health Research Program)

(a) to provide new knowledge regarding persons suffering from diabetes, asthma, cancer, or other illnesses;
(b) to provide information regarding health services and health systems;
(c) to provide new knowledge regarding the prevention, early detection, and management of diabetes, asthma, cancer, or other illnesses; or
(d) to assist in determining best practices in the prevention and treatment of diabetes, asthma, cancer, or other illnesses.

Sustainable Resource Support Fund

(Agriculture and Environmental Resource Conservation Program)

(a) to assist farmers in the production of sustainable, high-quality crops and food products; and
(b) to support and assist farmers and owners of agricultural land in the compliance with legislation affecting their land and operations.

(Environmental and Natural Resource Program)

(a) to provide assistance for undertakings intended to improve conservation of soil or water; and
(b) to promote responsible and appropriate stewardship of the environment and natural resources.

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2005

Community Development Fund (Community Development Program)

To enhance community life, infrastructure, and employment opportunities in areas including, but not limited to:

(a) education;
(b) technology;
(c) recreation; and
(d) environment.

Education Stabilization Fund

(Teacher Technology Training Program)

To promote and improve the use of technology in Island schools by:

(a) providing technology training and support to teachers;
(b) improving computer hardware and software in schools; and
(c) supporting the integration of technology into the school curriculum.

(Education Special Projects Program)

May be used for the implementation of new initiatives and for the maintenance or expansion of existing programs.

2. Due From The Province of Prince Edward Island

The balance due from the Province consists of the principal and accumulated interest amounts and is unsecured with no set terms of repayment and bears interest at the rate in effect for the overnight call loan. Market value approximates the carrying value.

3. Commitments

Outstanding commitments under the Health Research Program totalled $758,000 as at March 31, 2005.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

FINANCIAL STATEMENTS

JUNE 30, 2004

AUDITOR'S REPORT

To the Commissioners of the
Teachers' Superannuation Commission
Province of Prince Edward Island

I have audited the Statement of Net Assets Available for Benefits of the Province of Prince Edward Island Teachers' Superannuation Fund as at June 30, 2004 and the Statement of Changes in Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Teachers' Superannuation Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
March 3, 2005

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

as at JUNE 30, 2004

	2004	2003
ASSETS		
Cash	$ 770,383	$ 711,441
Receivables		
Contributions receivable - employees	-	4,030
Contributions receivable - employers	25,770	8,609
Other	47,449	26,579
Short term loan to Province	800,000	700,000
	1,643,602	1,450,659
Investments (Notes 2b and 3)	308,009,408	266,823,765
Total Assets	$309,653,010	$268,274,424
LIABILITIES		
Accounts payable	$ 841,994	$ 884,915
NET ASSETS AVAILABLE FOR BENEFITS	$308,811,016	$267,389,509

(The accompanying notes are an integral part of these financial statements.)

ON BEHALF OF THE COMMISSION

COMMISSIONER: ______________________

COMMISSIONER: ______________________

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED JUNE 30, 2004

	2004	2003
INCREASE IN ASSETS		
Investment income		
Interest	$ 5,545,881	$ 5,492,414
Dividends	3,488,161	3,871,830
Other income	54,284	29,148
	9,088,326	9,393,392
Market value increase (decrease)	35,548,081	(12,613,985)
Contributions		
Employees' contributions	6,158,735	5,882,826
Employers' contributions	6,158,735	5,882,826
Transfers from other plans	170,074	500,869
Buybacks	320,439	242,212
Contribution towards unfunded liability (Note 5)	12,121,202	12,121,202
	24,929,185	24,629,935
Total Increase in Assets	69,565,592	21,409,342
DECREASE IN ASSETS		
Administrative expenses	98,795	141,885
Custodial and management fees	985,706	959,717
Refunds	44,082	214,685
Benefits paid	26,973,059	25,223,484
Transfers to other plans	42,443	3,933,558
Total Decrease in Assets	28,144,085	30,473,329
Increase (Decrease) in net assets	41,421,507	(9,063,987)
Net assets available for benefits at beginning of the year	267,389,509	276,453,496
Net assets available for benefits at end of the year	$308,811,016	$267,389,509

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2004

1. Description of Plan

The following description of the Teachers' Superannuation Plan is a summary only. For more complete information, reference should be made to the Teachers' Superannuation Act.

a) General
The Plan is a contributory defined benefit plan covering teachers as defined in the Teachers' Superannuation Act.

b) Contributions
Under the Plan, employees and the employer make equal contributions amounting to 7.2% on that part of the salary on which Canada Pension Plan contributions are made and 9.0% on salary when Canada Pension Plan contributions are not required.

c) Retirement Benefits
A teacher who has attained age 60 and has completed at least 5 years of service or has attained age 55 and has completed 30 years of service or has completed 35 years of service is entitled to an immediate pension which is payable in equal monthly installments.

The annual amount of the pension is equal to 2% of the average of the five highest annual pensionable salary rates, multiplied by the number of years of pensionable service. When the teacher reaches the age of 65 (or if he or she is 65 or over at retirement) the amount of pension described above is reduced by 0.7% of the average salary rate up to the average Yearly Maximum Pensionable Earnings under the Canada Pension Plan during the five year period over which the average salary has been computed, multiplied by the number of years of the teacher's pensionable service after July 1, 1972.

Reduced benefits are available at age 55 with 5 years pensionable service. The pension for a teacher who retires prior to age 60 (and who is not entitled to an unreduced pension) is calculated as described in the previous paragraph but then is reduced by 0.25% for each full month by which the early retirement date precedes the teacher's earliest unreduced retirement age.

The above formula determines the amount of a teacher's initial pension at retirement. In subsequent years the amount of a teacher's pension is increased by 60% of the percentage increase in the Consumer Price Index. The increase in any one year is limited to no more than 4%.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2004

1. Description of Plan (continued)

d) Disability Benefits
Disability benefits are available at any age to a teacher who retires from teaching service because of total and permanent disability who contributed to the Fund for 5 or more years.

e) Death Benefits
On the death of a teacher prior to completing 5 years of pensionable service, or after completing 5 years of service but leaving no surviving spouse or dependant children, the teacher's contributions accumulated with interest will be refunded. If a teacher dies prior to retirement but after completing 5 years of service, the teacher's spouse is entitled to an immediate lifetime pension equal to 60% of the accrued, unreduced pension of the teacher at the time of death. In addition to the spousal pension, an allowance equal to one quarter of the remaining 2/5 of pension which the teacher was receiving is payable in respect of each dependent child, until the child attains age 16, or until 25 if the child is attending school full-time. In no case shall payment to such children exceed 3/4 of the remaining 2/5 of pension.

f) Termination and Portability of Benefits
In the event of termination of employment for reasons other than retirement or death, a teacher may elect to receive either:

- a refund of the teacher's own contributions with interest, or
- if the teacher has completed at least five years of service, a deferred annuity commencing when the teacher attains the age of 60.

Where there are portability arrangements between the Plan and other plans, teachers may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the Plan.

g) Income Tax
The Plan is a Registered Pension Plan as defined under the Income Tax Act and is not subject to income tax.

2. Summary of Significant Accounting Policies

a) Basis of Presentation
These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual plan members.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2004

2. Summary of Significant Accounting Policies (continued)

b) With the exception of real estate investments, which are valued at cost, investments are valued at market value as reported by the custodian of the Master Trust at June 30, 2004 and include the following:

	2004	2003
Cash held for investment	$ 155	$ 218
Short term investment fund units	12,162,785	-
Province of Prince Edward Island Master Trust	295,846,468	266,823,547
	$308,009,408	$266,823,765

3. Investments

Investments of the Civil Service Superannuation Fund, MLAs' pension funds, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. As of June 30, 2004 there were 710,200.0975 units held in the Province of Prince Edward Island Master Trust, of which the Teachers' Superannuation Fund held the following:

Units held	267,891.71
Market Value per unit	$1,104.351
Total market value held	$295,846,468

Investments of the Province of Prince Edward Island Master Trust at June 30, 2004 are as follows:

Canadian T-Bills	$ 8,153,962
Other liquid assets	(783,427)
Bonds, debentures and notes	267,111,477
Canadian equity securities	346,786,004
Foreign equity securities	163,126,476
Accrued income receivable	3,444,975
Real estate	5,130,090
Total	$792,969,557

The investments of $792,969,557 include amounts which the Master Trust Fund managers have invested in their own pooled funds. The June 30, 2004 market values of these related parties' investments are as follows:

Beutel, Goodman & Company Ltd.	$ 19,596,129
Northwater Capital Management Inc.	187,975,867
Templeton Management Limited	112,845,369
	$320,417,365

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2004

4. Obligations for Pension Benefits for Accounting Purposes

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. The most recent Actuarial Valuation for accounting purposes prepared by Morneau Sobeco disclosed an unfunded liability as at April 1, 2002 of $153,630,000. The unfunded liability of $153,630,000 does not include an allowance for the present value of the future contributions shown in Note 5. The present value of remaining special contributions required by the Teachers' Superannuation Act as at April 1, 2002 is $21,644,985 using a discount rate of 7.9% per annum. If this present value had been considered for the actuarial valuation balance sheet, there would be a deficit of $131,985,015.

The estimated present value of accrued benefits as of June 30, 2004, the principal components of changes in present values during the year and the estimated unfunded liability, were as follows:

Actuarial present value of accrued benefits at June 30, 2003	$464,641,000
Interest accrued on benefits	36,005,000
Benefits accrued	9,218,000
Benefits paid	(26,973,000)
Estimated present value of accrued benefits at June 30, 2004	$482,891,000
Actual net assets at June 30, 2004	308,811,000
Unfunded liability as at June 30, 2004	$174,080,000

The economic assumptions used in determining the actuarial value of accrued pension benefits for accounting purposes were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

Asset rate of return	7.9 % per annum
Basic salary escalation rate (excluding promotional increases)	3.0 % per annum
Pension cost of living increases	1.4 % per annum

The Consolidated (Summary) Financial Statements of the Province record the obligation using the accounting method.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2004

5. Funding Policy

In accordance with the Teachers' Superannuation Act, employees are required to contribute as described in Note 1(b). The employer matches employee contributions to the Fund. Under Section 9 of the Teachers' Superannuation Act, payments out of the Fund are guaranteed by the Province of Prince Edward Island. The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of July 1, 2002. This valuation disclosed an unfunded liability as at July 1, 2002 of $197,384,000.

The Teachers' Superannuation Act was amended to reflect that the Province of Prince Edward Island shall pay $129.44 million into the Fund over a period of 10 years for the purpose of reducing the unfunded liability of the Fund. The Act was further amended in 1997 to provide for payments in accordance with the following schedule:

Date of Payment	Amount Payable to Fund
April 1, 1995	$23.60 Million
April 1, 1996	11.76 Million
March 31, 1998*	11.76 Million
April 1, 1998	11.76 Million
April 1, 1999	11.76 Million
April 1, 2000	11.76 Million
April 1, 2001	11.76 Million
April 1, 2002	11.76 Million
April 1, 2003	11.76 Million
April 1, 2004	11.76 Million

*An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-1998 fiscal year that was deferred to March 31, 1998, shall be paid in seven equal annual installments, commencing on April 1, 1998. The installment referred to above is $361,202 per year.

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Provincial Health Services Authority

Financial Statements
March 31, 2005

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
60 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074

June 24, 2005

Auditors' Report

To the Board of
Provincial Health Services Authority

We have audited the statement of financial position of **Provincial Health Services Authority** as at March 31, 2005 and the statements of revenue and expenditures and unappropriated equity, revenue and expenditures and appropriated equity, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Provincial Health Services Authority** as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault Best Cameron Ellis

Chartered Accountants

Provincial Health Services Authority

Statement of Financial Position

As at March 31, 2005

	2005 $	2004 $
Assets		
Current assets		
Cash	41,735	2,187,372
Investments (market value – $338,786; 2004 – $340,788)	323,784	323,784
Accounts receivable (note 2)	5,372,342	5,276,110
Due from Province of Prince Edward Island Department of Health and Social Services (note 5)	17,976,327	24,635,017
Prepaid expenses	1,033,466	801,457
	24,747,654	33,223,740
Assets held in trust	27,570	16,992
Appropriated assets	78,163	81,843
	24,853,387	33,322,575
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	10,215,155	18,554,579
Accrued vacation pay and retiring allowances (note 5)	14,282,693	13,547,696
Deferred revenue	165,589	1,018,810
Current portion of long-term debt	19,430	18,439
	24,682,867	33,139,524
Long-term debt, less current portion (note 3)	64,787	84,216
Assets held in trust	27,570	16,992
	24,775,224	33,240,732
Surplus		
Appropriated equity		
Restricted fund	78,163	81,843
Unappropriated equity	-	-
	78,163	81,843
	24,853,387	33,322,575

Approved by the Board of Directors

______________________________ Director

Provincial Health Services Authority

Statement of Revenue and Expenditures and Unappropriated Equity

For the year ended March 31, 2005

	2005 $	2004 $
Revenue		
Contributions – P.E.I. Department of Health & Social Services	124,865,906	118,973,085
Patient/client fees		
Prince County Hospital	1,409,521	1,327,599
Queen Elizabeth Hospital	3,665,436	3,291,650
Other income (note 2)	4,272,316	10,812,506
	134,213,179	134,404,840
Expenditures		
Acute care/mental health division		
Queen Elizabeth Hospital		
Salaries and benefits	59,873,382	57,318,198
Operating goods and services	28,829,616	28,242,079
	88,702,998	85,560,277
Prince County Hospital		
Salaries and benefits	24,523,598	22,659,707
Operating goods and services	7,480,490	13,049,860
	32,004,088	35,709,567
Hillsborough Hospital		
Salaries and benefits	7,645,063	7,147,141
Operating goods and services	1,553,672	1,848,614
	9,198,735	8,995,755
Primary services division		
Provincial addictions services		
Salaries and benefits	3,783,003	3,643,528
Operating goods and services	518,837	489,255
	4,301,840	4,132,783
Interest on long-term debt	5,518	6,458
	134,213,179	134,404,840
Excess revenue for the year	-	-
Unappropriated equity – Beginning of year	-	-
Unappropriated equity – End of year	-	-

Provincial Health Services Authority

Statement of Revenue and Expenditures and Appropriated Equity

For the year ended March 31, 2005

	2005 $	2004 $
Restricted Fund		
Revenue		
Donations	5,976	10,960
Interest	8,208	5,092
Miscellaneous	6,369	-
	20,553	16,052
Expenditures		
Resident activities	24,233	18,506
Excess expenditures for the year	(3,680)	(2,454)
Restricted Fund equity – Beginning of year	81,843	84,297
Restricted Fund equity – End of year	78,163	81,843

Provincial Health Services Authority

Statement of Cash Flows

For the year ended March 31, 2005

	2005 $	2004 $
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) for the year – operating fund	-	-
– restricted fund	(3,680)	(2,454)
Net change in non-cash working capital items		
– increase in accounts receivable	(96,232)	(5,005,422)
– decrease (increase) in due from Province of P.E.I. Department of Health and Social Services	6,658,690	(9,858,850)
– increase in prepaid expenses	(232,009)	(392,475)
– increase (decrease) in accounts payable and accrued liabilities	(8,339,424)	14,154,971
– increase in accrued vacation pay and retiring allowances	734,997	2,246,546
– increase (decrease) in deferred revenue	(853,221)	46,266
	(2,130,879)	1,188,582
Financing activity		
Payment on long-term debt	(18,438)	(17,499)
Investing activities		
Decrease in appropriated assets	3,680	2,454
Change in cash	(2,145,637)	1,173,537
Cash – Beginning of year	2,187,372	1,013,835
Cash – End of year	41,735	2,187,372

Provincial Health Services Authority

Statement of Tangible Capital Assets

March 31, 2005

				2005	2004
	Land and Improvements $	Buildings $	Equipment $	Total $	Total $
Cost of tangible capital assets					
Cost – Beginning of year	1,500,457	102,512,587	61,872,686	165,885,730	100,432,676
Additions	-	-	2,666,174	2,666,174	65,453,054
Disposals	-	(6,275,197)	(8,515,214)	(14,790,411)	-
Cost – end of year	1,500,457	96,237,390	56,023,646	153,761,493	165,885,730
Accumulated amortization					
Accumulated amortization – beginning of year	119,759	30,130,145	25,247,439	55,497,343	49,006,390
Amortization	35,418	2,405,935	3,447,095	5,888,448	6,490,953
Reduction for disposals	-	(6,275,197)	(6,010,067)	(12,285,264)	-
Accumulated amortization – end of year	155,177	26,260,883	22,684,467	49,100,527	55,497,343
Net carrying amount of tangible capital assets – end of year	1,345,280	69,976,507	33,339,179	104,660,966	110,388,387

Provincial Health Services Authority

Notes to Financial Statements

March 31, 2005

1 Summary of significant accounting policies

Basis of accounting

Provincial Health Services Authority is a non-profit organization incorporated under the Health & Community Services Act of the Province of Prince Edward Island.

The financial statements of Provincial Health Services Authority are prepared in accordance with Canadian generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

Basis of presentation

These financial statements do not include the assets, liabilities and activities of the Authority's related organizations, Queen Elizabeth Hospital Foundation Inc., Queen Elizabeth Hospital Auxiliary Inc., Prince County Hospital Foundation Inc. and the Prince County Hospital Auxiliary.

Restricted Fund

The Hillsborough Hospital has a Memorial Fund that is subject to certain restrictions. This fund was formed for the purpose of benefiting the residents of the institution.

Interest earned on this fund has also been designated for the purpose of benefiting the residents and is included in interest income of the Restricted Fund.

Assets held in trust

Hillsborough Hospital provides a safekeeping for residents' monies, which are primarily held in a bank account separate from the operating account.

Investments

Investments are recorded at the lower of cost and quoted market value.

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the straight-line method at the annual rate of 10% for land improvements, 2.5% for buildings and 6.25% for equipment.

Capital assets purchased in the year are expensed on the Statement of Revenue and Expenditures and Unappropriated Equity.

Some of the services provided through the Provincial Health Services Authority are located in properties owned directly or indirectly by the Province of Prince Edward Island. Agreement has been reached with the Province for the Authority to use these properties at no rental charge.

Provincial Health Services Authority

Notes to Financial Statements

March 31, 2005

Vacation pay and retirement allowances

Vacation pay is recorded as a liability when earned. Retirement allowances are recorded as a liability when an employee starts employment (see note 5).

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The financial instruments of the Provincial Health Services Authority include investments, accounts receivable, due from Province of Prince Edward Island Department of Health and Social Services, assets held in trust, appropriated assets, accounts payable and accrued liabilities, accrued vacation pay and retiring allowances, and long-term debt.

The Authority has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Related party transactions

Accounts receivable includes $468,990 (2004 - $623,835) from the Queen Elizabeth Hospital Foundation Inc. and $176,988 (2004 - $1,062,910) from the Prince County Hospital Foundation Inc. for equipment and other purchases.

Other income includes donations from the Queen Elizabeth Hospital Foundation Inc. of $2,113,177 (2004 - $1,652,546) for equipment purchases at the Queen Elizabeth Hospital and $615,937 (2004 - $6,811,178) in donations from the Prince County Hospital Foundation Inc. for equipment purchases at the Prince County Hospital. These purchases are included in expenditures under operating goods and services for the respective hospitals.

Provincial Health Services Authority

Notes to Financial Statements

March 31, 2005

3 Long-term debt

	2005 $	2004 $
5 3/8% Municipal Development Loan Board debenture, due 2008, payable in annual instalments of $23,957 including principal and interest	84,217	102,655
Less: current portion	19,430	18,439
	64,787	84,216

The annual principal payments required over the next four years to meet retirement obligations are as follows:

	$
Year ending March 31, 2006	19,430
2007	20,475
2008	21,575
2009	22,737

Funds are provided annually by the Province of Prince Edward Island Department of Health and Social Services for the above repayments.

4 Pension plans

Employees of Provincial Health Services Authority belong to one of two pension plans, the Uniform Pension Plan for Employees of Prince Edward Island Health and Community Services System or the Province of Prince Edward Island Civil Service Superannuation Fund. The health pension plan is a defined benefit pension plan for basic pension contributions and a defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report dated January 1, 2003 for the defined benefit pension plan, the actuarial liability, on a going-concern basis, exceeds the actuarial value of assets and a pension fund deficit existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. The assets and liabilities, and the income and expenses generated by these pension plans are not reflected in these financial statements as the assets are not owned by, nor are the liabilities the responsibility of, the Provincial Health Services Authority.

5 Retirement allowances

Effective April 1, 2004, the Authority changed its retirement allowance accounting policy to record post retirement benefits as a liability based upon actuarially calculated benefit obligations. Prior to this change, retirement allowances were recorded as a liability when an employee met certain eligibility criteria. This change in accounting policy has been applied retroactively, resulting in an increase in accrued vacation pay and retiring allowances and due from Province of Prince Edward Island Department of Health and Social Services of $3,221,028 as at March 31, 2004.

Provincial Health Services Authority

Notes to Financial Statements

March 31, 2005

6 Subsequent events

In April 2005, the Province of Prince Edward Island announced changes to the Health and Social Services system. The four existing regional health authorities and Provincial Health Services Authority will cease, and all programs and services will be provided from two newly created government departments, the Department of Health and the Department of Social Services and Seniors. The effective date for activities to cease under Provincial Health Services Authority is not known.

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Queens Health Region

Financial Statements

March 31, 2005

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
80 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074

June 20, 2005

Auditors' Report

To the Members of
Queens Health Region

We have audited the statement of financial position of **Queens Health Region** as at March 31, 2005 and the statements of revenue and expenditures and unappropriated equity, revenue and expenditures and appropriated equity, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Queens Health Region as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault Best Cameron Ellis

Chartered Accountants

Queens Health Region

Statement of Financial Position

As at March 31, 2005

	2005 $	2004 $
Assets		
Current assets		
Accounts receivable	471,821	1,463,821
Due from Province of Prince Edward Island Department of Health and Social Services (note 1)	10,118,172	9,669,941
Prepaid expenses	1,216,784	1,270,598
	11,806,777	12,404,360
Assets held in trust	35,069	36,440
Appropriated assets	85,559	90,389
	11,927,405	12,531,189
Liabilities		
Current liabilities		
Bank advances	274,736	14,063
Accounts payable and accrued liabilities	5,382,664	6,174,212
Accrued vacation pay and retiring allowances (note 1)	5,560,338	5,228,075
Deferred revenue	589,039	988,010
	11,806,777	12,404,360
Assets held in trust	35,069	36,440
	11,841,846	12,440,800
Surplus		
Appropriated equity		
Restricted Fund	85,559	90,389
Unappropriated equity	-	-
	85,559	90,389
	11,927,405	12,531,189

Approved by the Board of Directors

_______________ Director _______________ Director

Queens Health Region

Statement of Revenue and Expenditures and Unappropriated Equity

For the year ended March 31, 2005

			2005	2004
	Regional Programs $	**Assigned Programs $**	**Total $**	**Total $**
Revenue				
Contributions – P.E.I. Department of Health & Social Services	74,582,374	22,599,378	97,181,752	95,172,205
Other income	443,281	180,132	623,413	194,371
	75,025,655	22,779,510	97,805,165	95,366,576
Expenditures				
Primary services division				
Public health nursing	2,166,613	-	2,166,613	1,879,880
Primary services programs	1,339,369	-	1,339,369	1,147,000
Community mental health	3,344,238	-	3,344,238	3,222,562
Family health centres	1,431,313	-	1,431,313	1,324,288
Child and family services division	8,075,159	-	8,075,159	8,319,040
Social support division				
Income support program	20,596,647	-	20,596,647	20,201,611
Disability support program	3,624,201	-	3,624,201	3,432,074
Job creation program	797,596	-	797,596	1,432,492
Housing	2,124,665	-	2,124,665	1,990,052
Funding to non-government organizations	3,321,374	-	3,321,374	3,094,474
Continuing care division	27,174,221	-	27,174,221	26,518,988
Administration	1,030,259	-	1,030,259	1,225,459
Assigned programs				
Dental public health	-	2,568,625	2,568,625	2,702,956
Provincial pharmacy	-	20,210,885	20,210,885	18,875,700
	75,025,655	22,779,510	97,805,165	95,366,576
Excess revenue for the year	-	-	-	-
Unappropriated equity – Beginning of year			-	-
Unappropriated equity – End of year			-	-

Queens Health Region

Statement of Revenue and Expenditures and Appropriated Equity

For the year ended March 31, 2005

	2005 $	2004 $
Restricted Fund		
Revenue		
Donations	33,316	59,854
Interest	1,369	1,818
	34,685	61,672
Expenditures		
Resident activities	39,515	52,328
Excess revenue (expenditures) for the year	(4,830)	9,344
Restricted Fund equity – Beginning of year	90,389	165,341
Transfer to Provincial Health Services Authority	-	(84,296)
	90,389	81,045
Restricted Fund equity – End of year	85,559	90,389

Queens Health Region

Statement of Cash Flows

For the year ended March 31, 2005

	2005 $	2004 $
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) for the year – operating fund	-	-
– restricted fund	(4,830)	9,344
Net change in non-cash working capital items		
– decrease in accounts receivable	992,000	3,921,024
– decrease (increase) in due from Province of P.E.I. Department of Health and Social Services	(448,231)	5,953,877
– decrease in prepaid expenses	53,814	133,668
– decrease in accounts payable and accrued liabilities	(791,548)	(4,451,524)
– increase (decrease) in accrued vacation pay and retiring allowances	332,263	(6,513,053)
– decrease in deferred revenue	(398,971)	(2,851,157)
	(265,503)	(3,797,821)
Investing activities		
Decrease in appropriated assets	4,830	74,952
Transfer to Provincial Health Services Authority	-	(84,296)
	4,830	(9,344)
Decrease in cash	(260,673)	(3,807,165)
Cash (bank advances) – Beginning of year	(14,063)	3,793,102
Bank advances – End of year	(274,736)	(14,063)

Queens Health Region

Statement of Tangible Capital Assets

For the year ended March 31, 2005

	2005 $	2004 $
Cost of tangible capital assets		
Opening cost	2,438,879	82,961,249
Transfer to Provincial Health Services Authority	-	(81,049,801)
	2,438,879	1,911,448
Additions during the year	323,356	527,431
Closing cost – equipment	2,762,235	2,438,879
Accumulated amortization		
Opening accumulated amortization	706,023	38,512,945
Transfer to Provincial Health Services Authority	-	(37,934,220)
	706,023	578,725
Add: Amortization	172,643	127,298
Closing accumulated amortization – equipment	878,666	706,023
Net carrying amount of tangible capital assets	1,883,569	1,732,856

Queens Health Region

Notes to Financial Statements

March 31, 2005

1 Summary of significant accounting policies

Basis of accounting

Queens Health Region is a non-profit organization incorporated under the Health and Community Services Act, Part III. The Queens Health Region is a registered charity under the Income Tax Act.

The financial statements of Queens Health Region are prepared in accordance with Canadian generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. The financial results are included in the Public Accounts of the Province of Prince Edward Island.

Basis of presentation

During the year, Queens Health Region operated four divisions: primary services, child and family services, social support and continuing care, along with assigned programs from the Prince Edward Island Department of Health & Social Services.

Included in the primary services division are the following services:

- Public health nursing
- Speech program
- Audiology program
- Community mental health
- Family health centres

Included in the social support division are the following services:

- Income support program
- Disability support program
- Job creation program
- Housing
- Funding to non-government organizations

Included in the continuing care division are the following services:

- Beach Grove Home
- Prince Edward Home
- Contributions to private nursing homes
- Home care and support
- Sherwood Home

Included in assigned programs are the following services:

- Dental public health
- Provincial pharmacy

Queens Health Region

Notes to Financial Statements

March 31, 2005

Restricted Fund

Several institutions in Queens Health Region have funds that are subject to certain restrictions. All such funds were formed for the purpose of benefiting the residents of the institutions.

The following funds are included in the Restricted Fund on the financial statements:

- Beach Grove Home Memorial fund
- Prince Edward Home Memorial fund
- Prince Edward Island Palliative Care fund

Interest earned on these funds has also been designated for the purpose of benefiting the residents and is included in interest income of the Restricted Fund.

Financial support overpayments

Financial support overpayments are recorded as receivable when identified, with a full provision as a doubtful account. Recoveries of financial support overpayments are recorded as a reduction to financial support expenditures when received.

Assets held in trust

Certain institutions provide a safekeeping for residents' monies, which are primarily held in bank accounts.

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the straight-line method at the annual rate of 6.25% for equipment.

Capital assets purchased in the year are expensed on the Statement of Revenue and Expenditures and Unappropriated Equity.

Many of the services provided through the Queens Health Region are located in properties owned directly or indirectly by the Province of Prince Edward Island. Agreement has been reached with the Province for the Region to use these properties at no rental charge.

The transfer of tangible capital assets to the Provincial Health Services Authority April 1, 2004 was recorded at book value.

Vacation pay

Vacation pay is recorded as a liability when earned.

Queens Health Region

Notes to Financial Statements

March 31, 2005

Retirement allowances

Effective April 1, 2004, the Region changed its retirement allowance accounting policy to record post retirement benefits as a liability based upon actuarially calculated benefit obligations. Prior to this change, retirement allowances were recorded as a liability when an employee met certain eligibility criteria. This change in accounting policy has been applied retroactively, resulting in an increase in accrued vacation pay and retiring allowances and due from Province of Prince Edward Island Department of Health and Social Services of $942,408 as at March 31, 2004.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The financial instruments of the Queens Health Region include accounts receivable, due from Province of Prince Edward Island Department of Health and Social Services, assets held in trust, appropriated assets, accounts payable and accrued liabilities, and accrued vacation pay and retiring allowances.

The Region has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Pension plans

Employees of Queens Health Region belong to one of two pension plans, the Uniform Pension Plan for Employees of Prince Edward Island Health and Community Services System or the Province of Prince Edward Island Civil Service Superannuation Fund. The health pension plan is a defined benefit pension plan for basic pension contributions and a defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report dated January 1, 2003, employer contributions to the pension plan are not sufficient to meet the requirements of the plan and a pension fund deficit existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island. These pension plans are not reflected in these financial statements.

3 Subsequent event

In April 2005, the government of Prince Edward Island announced changes to the health and social services system. When proclaimed, the enabling legislation will amalgamate services of Queens Health Region and other health authorities into the Department of Health and Department of Social Services and Seniors. As of the effective date of the proclamation, all assets, liabilities and operations will be transferred to the two new government departments.

Queens Health Region

Schedule of Expenditures by Type

For the year ended March 31, 2005 **Schedule**

	2005		
	Salaries and Benefits $	Operating Goods and Services $	Total $
Expenditures			
Primary services division	7,231,242	1,050,291	8,281,533
Child and family services division	5,759,754	2,315,405	8,075,159
Social support division	4,178,678	26,285,805	30,464,483
Continuing care division	18,808,575	8,365,646	27,174,221
Administration	487,215	543,044	1,030,259
Assigned programs	2,305,110	20,474,400	22,779,510
Total expenditures	38,770,574	59,034,591	97,805,165

	2004		
	Salaries and Benefits $	Operating Goods and Services $	Total $
Expenditures			
Primary services division	6,640,372	933,358	7,573,730
Child and family services division	5,470,130	2,848,910	8,319,040
Social support division	4,264,841	25,885,863	30,150,704
Continuing care division	18,138,076	8,380,911	26,518,987
Administration	705,287	520,172	1,225,459
Assigned programs	2,324,519	19,254,137	21,578,656
Total expenditures	37,543,225	57,823,351	95,366,576

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2005

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ARSENAULT & MCSWEENEY
CHARTERED ACCOUNTANTS

15 Water St.
Summerside, P.E.I. C1N 1A3
Telephone (902) 436-3547
Fax Number (902) 436-0705

AUDITOR'S REPORT

To the Shareholders of Summerside Regional Development Corporation Ltd.

We have audited the consolidated balance sheet of Summerside Regional Development Corporation Ltd. as at March 31, 2005 and the consolidated statements of income and deficit and cash flow for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

SUMMERSIDE, P.E.I.

June 15, 2005

Arsenault & McSweeney
CHARTERED ACCOUNTANTS

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED BALANCE SHEET
MARCH 31, 2005

	2005	2004
ASSETS		
Cash and deposits	$ 307,222	$ 446,853
Accounts receivable (Note 3)	231,337	567,445
Prepaid expenses	48,373	35,801
Leasehold allowances and deferred renovations (Note 4)	737,652	648,174
Properties and equipment (Note 5)	7,232,160	7,696,628
	$ 8,556,744	$ 9,394,901
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accruals	$ 245,113	$ 397,483
Deferred income	74,676	21,166
Mortgages, debentures and other debt (Note 7)	6,404,203	6,663,399
Deferred capital grants (Note 2) (a)	1,317,114	1,226,655
	8,041,106	8,308,703
Shareholders' equity		
Capital stock (Note 8)	3,475	3,475
Contributed surplus	2,560,944	2,560,945
Deficit	(2,048,781)	(1,478,222)
	515,638	1,086,198
	$ 8,556,744	$ 9,394,901

On behalf of the Board

____________________ Director

____________________ Director

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Income		
Property income	$ 1,814,294	$ 1,959,587
Interest	10,427	17,418
Gain on sale of properties	44,432	-
	1,869,153	1,977,005
Expenses		
Property operating expenses	822,833	804,987
Property taxes	311,016	261,235
Depreciation (net of amortization of deferred capital grants)	373,874	372,195
Amortization of leasehold allowances and deferred renovations	161,075	118,690
General and administration	381,524	413,531
Promotion and development	10,830	5,632
Interest on long-term debt	328,560	362,663
Contributions to Jubilee Theatre	50,000	50,000
	2,439,712	2,388,933
Net loss before extraordinary item	(570,559)	(411,928)
Extraordinary item		
Contribution to Regional Cultural/Event Centre Inc. (Note 10)	-	(124,380)
Net Loss	(570,559)	(536,308)
Deficit, beginning of year	(1,478,222)	(941,914)
Deficit, end of year	$(2,048,781)	$(1,478,222)

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Operating activities		
Cash received from customers	$ 2,203,912	$1,870,121
Cash paid to suppliers and employees	(1,741,146)	(1,351,047)
Interest earned	10,427	17,418
Interest paid	(328,560)	(362,663)
	144,633	173,829
Financing activities		
Repayment of long-term debt	(259,196)	(255,692)
Investing activities		
Additions to properties and equipment	(23,352)	(313,580)
Proceeds from sale of property	114,664	-
Increase in leasehold allowances	(250,553)	-
Increase in deferred capital grants	134,173	220,984
	(25,068)	(92,596)
Decrease in cash	(139,631)	(174,459)
Cash and deposits, beginning of year	446,853	621,312
Cash and deposits, end of year	$ 307,222	$ 446,853

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

1. Principles of Consolidation

The consolidated financial statements include the financial statement of the company and the following wholly-owned subsidiary:

Summerside Cultural Development Corporation Ltd. (SCDC)

The purchase method has been used to account for all acquisitions.

Effective April 1, 2003, SCDC ceased operations. Property and equipment were transferred to Regional Cultural/Event Centre Inc. for $1 and the loss on the transfer was recorded as a contribution. The remaining assets less liabilities were realized and the proceeds were used to pay down SCDC debt to the company.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant for the company.

(a) Depreciation and Amortization

The straight-line method of depreciation is being used for all assets at rates based on the estimated useful lives of the assets.

Government assistance received prior to March 31, 1976 on properties and equipment is treated as contributed surplus. Government assistance and foundation grants received for properties and equipment additions subsequent to March 31, 1976 are treated as deferred capital grants and are amortized to revenue on the same basis as depreciation is computed on the assets to which they apply. In all instances assets are reflected at full cost with no reduction for grants.

(b) Income and Expenses
Revenues and expenses are recorded using the accrual basis of accounting.

(c) Leasehold Allowances
Leasehold allowances given to tenants are amortized to earnings over the term of the lease to which they relate.

(d) Corporation Status
The corporation and its subsidiary are non-taxable entities under the provisions of the Income Tax Act.

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

3. **Accounts Receivable**	2005	2004
Tenants	$ 128,653	$ 223,554
Atlantic Canada Opportunities Agency	-	125,951
Regional Cultural/Event Centre Inc.	35,992	117,752
Other	66,692	100,188
	$ 231,337	$ 567,445

4. **Leasehold Allowances and Deferred Renovations**

	2005			2004
	Cost	Accumulated Amortization	Net	Net
Deferred charges for tenant improvements	$1,918,553	$1,180,901	$ 737,652	$ 648,174

5. **Properties and Equipment**

	2005			2004
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Waterfront Properties				
Waterfront Shopping Centre	$ 7,526,521	$4,117,992	$ 3,408,529	$ 3,600,833
120 Harbour Drive	2,589,462	1,613,756	975,706	1,074,272
109 Water Street	757,307	384,867	372,440	387,090
Spinnakers' Landing	1,935,637	972,492	963,145	1,038,044
Main Site Services and Seawall	749,265	564,353	184,912	187,981
Furniture and equipment	215,585	185,053	30,532	41,280
Other property held for development	1,296,895	-	1,296,895	1,367,127
Yacht Club & Marina	1	-	1	1
	$15,070,673	$7,838,513	$ 7,232,160	$ 7,696,628

The estimated useful lives used to calculate depreciation on the above capital assets are as follows:

Buildings	20,25 and 40 years
Pavement	10 years
Equipment	3,4,5,7,10,15,20,25 and 40 years
Main site service	90 years
Seawall	25 years

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

6. Long-term Lease

In 1982 the assets of the Yacht Club and Marina had been transferred to the Silver Fox Curling and Yacht Club under the terms of a 54 year lease agreement. The balance of the debt on these has been retained by Summerside Regional Development Corporation Ltd. and is to be repaid from funds derived from the remaining assets of the Corporation. A subsequent agreement had been reached in 1993 which defers any rental charges for the property.

	2005	2004
7. Mortgages, Debentures and Other Debt		
Banker's Acceptance Loan, TD Canada Trust, secured by a general security agreement.	**$3,000,000**	$3,000,000
6.5% term loan, TD Canada Trust, due 2014, repayable in monthly installments of $21,600 including principal and interest, secured by a general security agreement.	**1,787,766**	1,927,999
6.4% term loan, TD Canada Trust, due 2013, repayable in monthly installments of $8,610 including principal and interest, secured by a general security agreement.	**663,711**	722,814
8% first mortgage, Province of Prince Edward Island, due January 16, 2006. Interest is repayable in three annual installments of $36,000. The mortgage is secured by the the office building at 120 Harbour Drive.	**450,000**	450,000
6.85% term loan TD Canada Trust due 2018, repayable in monthly installments of $1,881 including principal and interest, secured by a general security agreement.	**192,743**	201,986
6.75% term loan TD Canada Trust due 2012, repayable in monthly installments of $1,839 including principal and interest, secured by a general security agreement.	**133,352**	146,026
Demand loan, TD Canada Trust, interest at prime	**69,000**	69,000
5.9% term loan, TD Canada Trust, due 2013, repayable in monthly installments of $971 including principal and interest, secured by a general security agreement.	**71,885**	78,217

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

	2005	2004
7. Mortgages, Debentures and Other Debt (continued)		
Marina Centre serial debenture payable, Province of Prince Edward Island, due 2005, repayable in annual installments of $20,875 including interest at 8% per annum.	-	19,328
6.85% term loan, TD Canada Trust due 2011, repayable in monthly installments of $452 including principal and interest, secured by a general security agreement	26,287	29,813
Marina Centre and site reclamation serial debenture payable, Province of Prince Edward Island, due 2006, repayable in annual installments of $10,215 including interest at 8% per annum.	9,459	18,216
	$6,404,203	$6,663,399

TD Canada Trust General Security Agreement

As security the TD Canada Trust holds a collateral mortgage on the Waterfront Shopping Centre, 120 Harbour Drive office building and 109 Water Street office building, assignment of insurance and a general assignment of book debts and rents.

	2005	2004
8. Capital Stock		
Authorized		
100,000 common shares without par value.		
Issued		
99,993 common shares	$ 3,475	$ 3,475

9. Contingencies

Legal proceedings have been filed which may result in further claims against the company for incidents which arose in the ordinary course of business. The results of the legal proceedings are not currently determinable. In the opinion of management, they will involve amounts that would not have a material adverse effect on the consolidated position of the company.

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005

10. Contribution to Regional Cultural/Event Centre Inc.

On April 1, 2003 the company's subsidiary, Summerside Cultural Development Corporation Ltd. (SCDC) transferred its property and equipment to the Regional Cultural Event/Centre Inc. for $1. The net book value of the assets less the related deferred capital grants has been recorded as a contribution to Regional Cultural/Event Centre Inc.

11. Commitment

Summerside Regional Development Corporation Ltd. has signed an agreement with the Province of PEI and the City of Summerside to subsidize the operating deficit of Regional Cultural/Event Centre Inc. up to $200,000 annually. The company's share is 25% or up to $50,000 each year. The Company did not renew its commitment for the 2005/2006 fiscal year.

12. Subsequent Event

On June 13, 2005 the company sold Spinnakers' Landing and 241 acres of land having a net book value of $661,633 for $1,500,000. The gain on sale will be recorded in 2006 fiscal year.

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Tourism PEI

Consolidated Financial Statements
March 31, 2005

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
80 Water Street
PO Box 455
Charlottetown Prince Edward Island
Canada C1A 7L1
Telephone (902) 368 3100
Fax (902) 566-5074

May 9, 2005

Auditors' Report

To the Minister of Tourism

We have audited the consolidated balance sheet of **Tourism PEI** as at March 31, 2005 and the consolidated statements of earnings, deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Tourism PEI

Consolidated Balance Sheet

As at March 31, 2005

	2005 $	2004 $
Assets		
Current assets		
Cash	1,446,695	238,041
Accounts receivable (note 7)	949,676	962,311
Due from the Province of Prince Edward Island (note 4)	-	375,772
Inventory	371,540	218,187
Prepaid expenses	10,280	18,795
	2,778,191	1,813,106
Property and equipment (notes 3 and 7)	8,325,465	8,399,567
	11,103,656	10,212,673
Liabilities		
Current liabilities		
Bank advances	-	695,391
Accounts payable and accrued liabilities (note 7)	2,254,361	1,851,825
Due to the Province of Prince Edward Island (note 4)	116,528	-
Promissory notes (note 5)	2,700,000	600,000
Current portion of long-term debt	674,773	646,553
	5,745,662	3,793,769
Long-term debt, less current portion (note 6)	6,587,969	6,877,242
	12,333,631	10,671,011
Deficit	1,229,975	458,338
	11,103,656	10,212,673

Approved by the Corporation

Minister

Tourism PEI

Consolidated Statement of Deficit

For the year ended March 31, 2005

	2005 $	2004 $
Deficit – Beginning of year	(458,338)	(167,044)
Excess expenses for the year	(771,637)	(291,294)
Deficit – End of year	(1,229,975)	(458,338)

Tourism PEI

Consolidated Statement of Earnings

For the year ended March 31, 2005

	2005		2004
	Budget (unaudited) $	**Actual $**	**Actual $**
Revenue			
Grants from Province of Prince Edward Island	10,564,100	11,035,204	10,757,135
Tourism Advisory Council	3,124,500	3,094,156	2,766,424
Brookvale Ski Park	220,000	250,736	266,102
Provincial Parks	934,400	872,186	962,075
Visitor Services	130,000	154,354	153,190
Licensing fees	-	123,618	133,305
Interest and miscellaneous	-	34	469
Golf Links operations	6,211,700	4,993,830	5,586,384
	21,184,700	20,524,118	20,625,084
Expenses			
Administration	959,100	892,982	896,812
Tourism Advisory Council	6,507,500	6,753,953	6,154,034
Brookvale Ski Park	417,200	435,358	425,885
Provincial Parks	2,658,200	2,815,138	2,854,827
Visitor Services	606,600	601,715	621,764
Tourism Development	1,458,100	1,701,747	1,763,069
Tourism Marketing	2,097,600	2,084,365	2,106,471
Research	189,800	136,130	136,938
French Services	78,900	108,900	78,900
Golf Links operations (note 7)	5,545,600	5,204,312	5,244,660
Amortization Golf Links	633,600	590,975	633,018
	21,152,200	21,325,575	20,916,378
	32,500	(801,457)	(291,294)
Other income			
Gain on disposal of property and equipment Golf Links	-	29,820	-
Excess revenue (expenses) for the year	32,500	(771,637)	(291,294)

Tourism PEI

Consolidated Statement of Cash Flows

For the year ended March 31, 2005

	2005 $	2004 $
Cash provided by (used in)		
Operating activities		
Excess expenses for the year	(771,637)	(291,294)
Items not affecting working capital		
Amortization of property and equipment	590,975	633,018
Gain on disposal of property and equipment	(29,820)	-
	(210,482)	341,724
Net change in non-cash working capital items		
– decrease (increase) in accounts receivable	12,635	(343,673)
– increase in inventory	(153,353)	(55,952)
– decrease (increase) in prepaid expenses	8,516	(1,827)
– increase in accounts payable and accrued liabilities	402,536	221,896
– change in due to (from) the Province of P.E.I.	492,300	(609,488)
	552,152	(447,320)
Financing activities		
Increase (decrease) in promissory notes	2,100,000	(50,000)
Proceeds on long-term debt	500,000	526,500
Repayment of long-term debt	(761,053)	(803,833)
	1,838,947	(327,333)
Investing activities		
Purchase of property and equipment	(517,649)	(522,027)
Proceeds on disposal of property and equipment	30,595	-
	(487,054)	(522,027)
Increase (decrease) in net cash	1,904,045	(1,296,680)
Net cash – Beginning of year	(457,350)	839,330
Net cash – End of year	1,446,695	(457,350)
Net cash consists of		
Cash	1,446,695	238,041
Bank advances	-	(695,391)
	1,446,695	(457,350)
Supplementary disclosure		
Interest and dividends received	34	469
Interest paid	498,928	511,093

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2005

1 Basis of presentation

Consolidation

These financial statements include the operations of Tourism PEI and its wholly-owned subsidiary, Golf Links Prince Edward Island Inc.

Status of the corporation

Tourism PEI became a Crown corporation, effective March 31, 1999, under the Tourism PEI Act passed by the Government of Prince Edward Island on June 8, 1999. The objectives of Tourism PEI are to carry out tourism related activities of the Province of Prince Edward Island.

The objectives of Golf Links Prince Edward Island Inc. are to maintain and operate the provincially owned golf courses.

The financial results of the corporation are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

Inventory

Inventory is valued at the lower of cost, determined using the average cost method, and market. Market is defined as net realizable value.

Property and equipment

Tourism PEI expenses property and equipment in the period purchased except for real property acquired by the company which is recorded as an asset.

Real property transferred to Tourism PEI at no cost is recorded at a nominal value.

Golf Links Prince Edward Island Inc. records at cost property and equipment having a useful life of greater than one year as an asset in the period purchased.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2005

Amortization

Amortization is calculated using the straight-line method at the annual rates as indicated in note 3. One-half the normal annual rate of amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

Capital costs related to the construction of the playing areas of the Dundarave Golf Course are not amortized.

Due to (from) the Province of Prince Edward Island

Current operations

Excess revenue (expenses) for the year for Tourism PEI is recorded as a reduction (increase) in Grants – Province of Prince Edward Island and as an amount due to (from) the Province of Prince Edward Island. Golf Links Prince Edward Island Inc. records excess revenue (expenses) as an increase (decrease) in retained earnings (deficit).

Revenue recognition and government assistance

Grants from the Province of Prince Edward Island are recorded as revenue when received. Revenue from Tourism Advisory Council activities are recorded when billed and revenue from park operations, services, sales, rental fees and Golf Links Prince Edward Island Inc. operations is recorded when earned. Excess revenue (expenses) for the year for the Tourism PEI entity is recorded as a reduction (increase) in Grants – Province of Prince Edward Island and as an amount due from (to) the Province of Prince Edward Island.

Government grants funded by the federal government or a federal-provincial cost-shared agreement, received related to operations, are recorded as revenue in the period in which the related expenses are recorded. Unexpended amounts as at the year end are recorded as deferred revenue. During the year, the Tourism Advisory Council received federal government grants totalling $500,000 (2004 – $1,007,000).

Federal and provincial government grants related to property and equipment are recorded as a reduction in the cost the related assets in the period purchased. Unexpended amounts as at the year end are recorded as an accrued liability.

Expenses are recorded in the period in which the related goods and services are consumed except for Tourism Advisory Council and program grants included in Tourism Development and Tourism Marketing expenses. Tourism Advisory Council expenditures are recorded in the period the goods and services are acquired and a liability incurred. Program grant expenditures are recorded in the period in which the funds are approved for disbursement.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2005

Vacation pay and pension liabilities

The staff of Tourism PEI and Golf Links Prince Edward Island Inc. are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Tourism PEI and Golf Links Prince Edward Island Inc. are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation as at March 31, 2005.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

Fair value of financial instruments

The Corporation has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

3 Property and equipment

				2005	2004
	Amortization Rate %	Cost $	Accumulated amortization $	Net $	Net $
Land and buildings – Mill River Fun Park		1	-	1	1
Dundarave golf course		6,122,211	-	6,122,211	6,122,211
Land improvements and paving	10 - 20	474,239	158,424	315,815	277,810
Computer equipment and software	20	184,671	133,262	51,409	80,468
Power cars	14.3	1,144,848	887,303	257,545	305,492
Rental equipment	20	61,853	27,471	34,382	28,712
Equipment	10 - 20	2,953,683	1,802,433	1,151,250	1,165,273
Vehicles	20	93,004	72,975	20,029	13,569
Buildings	10	537,242	180,065	357,177	406,031
Signage	5	17,384	1,738	15,646	-
		11,589,136	3,263,671	8,325,465	8,399,567

Tourism PEI

Notes to Consolidated Financial Statements
March 31, 2005

4 Due to (from) the Province of Prince Edward Island

	2005 $	2004 $
Current operations		
Excess revenue (expenses) for the year – Tourism PEI	116,528	(375,772)

5 Promissory notes

The promissory notes, due April 2005, bear interest at rates ranging from 2.71% to 2.80% and are repayable to the Department of Provincial Treasury of Prince Edward Island. The notes are unsecured.

6 Long-term debt

	2005 $	2004 $
6.19% loan from the Department of Provincial Treasury of Prince Edward Island, due December 7, 2005, repayable $615,312 annually including interest	6,137,942	6,359,595
5.72% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2006, repayable $74,600 annually plus interest	74,600	149,200
5.93% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2006, repayable $50,000 annually plus interest	50,000	100,000
5.67% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2007, repayable $45,000 annually plus interest	90,000	135,000
4.84% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2007, repayable $64,500 annually plus interest	129,000	193,500
4.35% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2008, repayable $40,000 annually plus interest	120,000	160,000
4.51% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2009, repayable $65,300 annually plus interest	261,200	326,500
4.21% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2009, repayable $100,000 annually plus interest	400,000	-
6.73% loan from the Department of Provincial Treasury of Prince Edward Island, repaid during the year	-	35,000
6.63% loan from the Department of Provincial Treasury of Prince Edward Island, repaid during the year	-	65,000
	7,262,742	7,523,795
Less: current portion	674,773	646,553
	6,587,969	6,877,242

The long-term debt is unsecured.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2005

The aggregate amount of principal payments required over the next five years to meet retirement provisions, assuming the 6.19% loan is refinanced under similar terms, are as follows:

	$
Year ending March 31, 2006	674,773
2007	564,743
2008	470,715
2009	447,144
2010	299,290

7 Related party transactions

Tourism PEI utilizes the provincial parks, including Brookvale Ski Park, the provincial day parks and the full service campgrounds, as well as the Visitor Information Centres in carrying out its mandate. Tourism PEI has paid nil consideration for utilizing these facilities.

Golf Links Prince Edward Island Inc. rents three provincial golf courses from the Province of Prince Edward Island for nil consideration.

During the 1999 year, the Province of Prince Edward Island transferred property and equipment utilized in maintenance and operation of the three provincial golf courses to Golf Links Prince Edward Island Inc. In accordance with the terms of the transfer, the exchange and carrying amounts of the property and equipment was established as $1.

Included in accounts receivable is nil (2004 – $2,622) due from a provincial Crown corporation, nil (2004 – $187,530) due from departments of the Province of Prince Edward Island. Included in accounts payable and accrued liabilities is nil (2004 – $7,905) due to a department of the Province of Prince Edward Island.

During the year, Golf Links Prince Edward Island Inc. paid a total of $498,928 (2004 – $511,093) in interest to the Department of Provincial Treasury of Prince Edward Island. Included in this total is $455,388 (2004 – $486,840) of interest on long-term debt related to the loans issued by the Department of Provincial Treasury as disclosed in note 6.

During the year, the companies utilized office premises of a department of the Province of Prince Edward Island for nil consideration.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2005

8 Commitments

The minimum annual lease payments required over the next five years by Golf Links Prince Edward Island Inc. under operating leases for base rental of premises in Mill River expiring in August 2075 and a vehicle lease expiring September 2007 are as follows:

	Vehicle $	Premises $
Year ending March 31, 2006	6,613	1
2007	6,613	1
2008	3,306	1
2009	-	1
2010	-	1

In addition to the base lease rentals, there is a requirement to pay the company's pro-rata share, based on rented space, of the operating costs including property taxes of the premises.

The premises lease for Brudenell expired during the year and is currently under negotiation and, as such, the annual lease payments are not determinable.

West Prince Health Region
Financial Statements
March 31, 2005

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of
West Prince Health Region:

We have audited the balance sheet of **West Prince Health Region** as at March 31, 2005, and the statements of revenue and expenses, cash flows, and tangible capital assets for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting recommendations.

Grant Thornton LLP

Summerside, Prince Edward Island
May 30, 2005

Grant Thornton LLP
Chartered Accountants

220 Water Street, 2nd Floor
PO Box 1660
Summerside, Prince Edward Island
C1N 2V5
T (902) 436-9155
F (902) 436-6913
E Summerside@GrantThornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

West Prince Health Region
Statement of Revenue and Expenses

Year Ended March 31	2005	2004
Revenue		
Department of Health and Social Services	**$ 23,148,375**	$ 22,134,714
Donations	**195,767**	407,008
Other (Note 7)	**408,426**	396,675
Patient / Client fees	**353,488**	367,498
Special projects	**253,521**	169,109
Interest	**5,708**	7,923
	24,365,285	23,482,927
Expenses		
Child and Family Services	**6,911,069**	6,608,703
Community Hospital	**4,175,935**	4,448,733
Western Hospital	**4,340,716**	4,270,331
Maplewood Manor	**3,351,761**	3,289,296
Home Care and Support	**1,309,705**	1,543,706
Community Hospital - Long Term Care	**1,735,260**	1,048,686
Community Grants	**593,300**	605,473
Public Health Nursing	**603,358**	354,728
Job Creation program	**319,945**	327,993
Mental Health	**393,413**	321,117
Housing Services	**280,728**	265,727
Addictions	**189,095**	229,225
Community Development	**161,000**	169,209
	24,365,285	23,482,927
Excess of expenses over revenues	**$ NIL**	$ NIL

See accompanying notes to the financial statements.

West Prince Health Region
Balance Sheet

March 31	2005	2004
Assets		
Current		
Cash - unrestricted	**$ 119,188**	$ 105,795
Cash - restricted	**23,224**	19,058
Receivables (Note 5)	**3,542,603**	3,520,039
Prepaid expenses	**124,612**	110,404
	$ 3,809,627	$ 3,755,296
Liabilities		
Current		
Payables and accruals (Note 6)	**$ 2,876,280**	$ 2,714,720
Funds held in trust	**13,156**	12,931
Accrued retirement allowance (Note 8)	**920,191**	1,027,645
	$ 3,809,627	$ 3,755,296

On behalf of the Board

____________________ Board Member ____________________ Board Member

See accompanying notes to the financial statements.

West Prince Health Region
Statement of Cash Flows

Year Ended March 31	2005	2004
Increase (decrease) in cash and cash equivalents		
Operating		
Cash - restricted	$ (4,166)	$ 1,145
Receivables	(22,564)	(1,678,094)
Prepaid expenses	(14,208)	19,177
Payables and accruals	161,560	613,414
Funds held in trust	225	456
Accrued retirement allowance	(107,454)	1,027,645
Net increase (decrease) in cash and cash equivalents	13,393	(16,257)
Cash and cash equivalents, beginning of year	105,795	122,052
Cash and cash equivalents, end of year	$ 119,188	$ 105,795

See accompanying notes to the financial statements.

West Prince Health Region
Statement of Tangible Capital Assets

Year Ended March 31

	Land	Pavement	Buildings	Equipment	Vehicle	2005 **Total**	2004 Total
Cost of Tangible Capital Assets							
Opening cost	$ 50,917	$ 10,223	$ 21,589,006	$ 4,999,348	$ 21,510	**$ 26,671,004**	$ 25,013,067
Additions				226,130		**226,130**	1,657,936
Closing cost	50,917	10,223	21,589,006	5,225,478	21,510	**26,897,134**	26,671,003
Accumulated Depreciation							
Opening balance		10,223	5,241,031	3,127,678	18,979	**8,397,911**	7,619,123
Add: depreciation			539,725	240,160	759	**780,644**	778,788
Closing balance		10,223	5,780,756	3,367,838	19,738	**9,178,555**	8,397,911
Net Carrying Amount of Tangible Capital Assets	$ 50,917	$ NIL	$ 15,808,250	$ 1,857,640	$ 1,772	**$ 17,718,579**	$ 18,273,092

See accompanying notes to the financial statements.

West Prince Health Region
Notes to the Financial Statements

March 31, 2005

1. Nature of operations

West Prince Health Region, a non-profit organization, operates under the Region of the Health and Community Services Act, Part III (the "Act").

The core services that are managed by West Prince Health on behalf of residents of West Prince and the Province of Prince Edward Island are:

Program / Service

Child and Family Services
Community Hospital
Western Hospital
Maplewood Manor
Home Care and Support
Community Hospital - Long Term Care
Community Grants
Public Health Nursing
Job Creation Program
Mental Health
Housing Services
Addictions
Community Development

2. Subsequent events

The April 7, 2005 Provincial budget included the announcement of the dissolution of all the Health Regions with their operation combined into one of either the Department of Health or the Department of Social Services and Seniors. At the time of statement preparation, there is no confirmed schedule for these transfers to take place.

To facilitate the above dissolution of the Health Regions, the Provincial Government has also announced a Workforce Renewal Program. This involves a Voluntary Retirement Plan and a Voluntary Severance Plan.

West Prince Health Region
Notes to the Financial Statements

March 31, 2005

3. Change in accounting policy

During the year, the Region changed its method of reporting future retirement allowances within the Recommendation in Section PS 3255 of the CICA Handbook.

As a result, the March 31, 2004 figures presented for comparative purposes have been restated from those previously reported. Accrued retirement allowances have increased to $1,027,645 and the receivable from Department of Health and Social Services has been increased by the same amount.

4. Summary of significant accounting policies

Basis of accounting

West Prince Health Region follows the accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Revenue recognition

West Prince Health follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

Sick leave obligation

Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for the Region to settle these amounts with cash payments. Consequently, no liability has been calculated by the organization and, therefore, no accrual has been recorded in these financial statements.

Financial support overpayments

Financial support overpayments are recorded as receivable when identified with a full provision as a doubtful account. Recoveries of financial support overpayments are credited to financial support expenditures when received.

West Prince Health Region
Notes to the Financial Statements
March 31, 2005

4. Summary of significant accounting policies (cont'd)

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the straight line method at the annual rate of 10% for pavement; 2.5% for buildings; 2.5% and 6.25% for equipment. The declining balance method is used for vehicles with an annual rate of 30%.

Tangible capital assets are expensed as a component of program costs in the year of acquisition. During the year, capital asset purchases of $226,130 (2004 - $457,936) were expensed. The Region received designated funding for capital purchases in the amount of $195,767 (2004 - $426,008) during the year.

Inventory

Inventory in the amount of $271,373 (2004 - $232,210) has not been reflected on the balance sheet.

Vacation pay and retiring allowances

Vacation pay is recorded as a liability when earned.

Retirement allowance is actuarially determined based on assumptions and calculations provided by the Province of Prince Edward Island.

Pension plans

Employees of West Prince Health belong to different pension plans according to their historical workplace. Hospital employees are part of the uniform pension plan for employees of all Prince Edward Island hospitals. All other employees are part of the uniform pension plan of the civil service of Prince Edward Island. The hospital pension plan is a defined benefit pension plan for basic pension contributions and defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report date, January 1, 2000, employer contributions to the pension plan are not sufficient to meet the requirements of the plan and an unfunded liability existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island. These pension plans are not reflected in the financial statements.

General

These financial statements do not include the assets, liabilities and activities of the O'Leary Community Health Foundation Inc. or the Western Hospital Foundation Inc. or the auxiliaries.

West Prince Health Region
Notes to the Financial Statements
March 31, 2005

4. Summary of significant accounting policies (cont'd)

Other

West Prince Health Region acts as an agent for the Province of Prince Edward Island for the collection of revenue for certain regional programs. During the year, revenue was collected in the following areas:

Community Hospital – Long Term Care
Maplewood Manor
Housing Services
Home Care and Support
Public Health Nursing

Revenues collected are not reflected in the body of the financial statements.

5. Receivables

	2005	2004
Financial support overpayments	$ 329,865	$ 195,531
Patients	164,117	128,772
Other	261,180	331,333
Department of Health and Social Services		
Operating	2,695,105	2,361,907
Other	422,201	698,027
	3,872,468	3,715,570
Less: allowance for doubtful accounts	329,865	195,531
	$ 3,542,603	$ 3,520,039

6. Payables and accruals

	2005	2004
Trade	$ 860,145	$ 914,722
Salaries and benefits	2,013,156	1,797,503
Deferred revenue	2,979	2,495
	$ 2,876,280	$ 2,714,720

West Prince Health Region
Notes to the Financial Statements
March 31, 2005

7. **Other income**	**2005**	2004
Salary recovery	**$ 269,404**	$ 166,138
Cafeteria sales	**90,452**	82,391
Department of Health and Social Services - other	**2,500**	68,779
Mental Health grants	**-**	10,200
Other sales and recoveries	**27,463**	32,892
Department of Health and Social Services - capital grants	**-**	19,000
Rental	**17,617**	15,761
Outpatient department recoveries	**990**	1,514
	$ 408,426	$ 396,675

8. Accrued retirement allowance

An analysis of the components of, and changes in, retirement allowance liabilities is as follows:

	2005	2004
Balance, beginning of year	**$ 1,027,645**	$ 1,056,572
Current service cost	**63,456**	57,500
Interest accrued	**63,593**	68,045
Less: payments made	**(234,503)**	(154,472)
Balance, end of year	**$ 920,191**	$ 1,027,645

The retirement allowance numbers are based on an independent actuarial valuation provided to the Pension and Benefits Division of the Province Of Prince Edward Island Civil Service Commission estimating the components of the total provincial retirement allowance as of April 1, 2002. The Province Of Prince Edward Island projects the total liability in the years between the tri-annual actuarial valuations and has allocated the liability to the five Health Regions. The next independent actuarial valuation is to be provided for the next fiscal period.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuations and projections are:

Rate of return	6.75% per annum
Expected inflation rate	2.5% per annum
Expected average remaining service life	13 years

West Prince Health Region
Notes to the Financial Statements
March 31, 2005

9. Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

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Western School Board
Financial Statements

June 30, 2004

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees of
Western School Board

We have audited the operating and capital fund balance sheets of **Western School Board** as at June 30, 2004 and the statements of revenue, expenses and operating surplus and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles adopted for Prince Edward Island Regional School Boards.

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants

Summerside, Prince Edward Island
October 15, 2004

220 Water Street, 2nd Floor
PO Box 1660
Summerside, Prince Edward Island
C1N 2V5
T (902) 436-9155
F (902) 436-6913
E Summerside@GrantThornton.ca
W www.GrantThornton.ca

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Western School Board
Statements of Revenue, Expenses and Operating Surplus

Year Ended June 30	Page	2004		2003	
Revenue			%		%
Grants from the Department of Education					
Administration		$ 580,700	1.1	$ 536,700	1.1
Capital expenditures		330,700	0.6	1,383,713	2.6
Instructional supplies		633,200	1.2	624,300	1.2
Inservice		12,800		12,800	
Professional development		34,700	0.1	34,600	0.1
Salaries and benefits		41,575,664	76.1	39,827,816	75.9
Maintenance and operation		2,820,150	5.1	2,159,100	4.1
Transportation		854,000	1.6	688,500	1.3
Other revenue (Note 4)		48,639	0.1	54,394	0.1
Unfunded depreciation		2,154,880	3.9	2,031,825	3.9
Special projects					
Education Alternative Program				120,000	0.2
Other				146,031	0.3
School renovations and equipment		5,595,096	10.2	4,604,546	8.8
Special funding grants				221,702	0.4
		54,640,529	100.0	52,446,027	100.0
Expenses	Page				
Administration	9	757,022	1.4	728,511	1.4
Capital expenditures	10	133,863	0.2	1,347,022	2.5
Instructional supplies	11	695,124	1.3	677,326	1.2
Inservice		6,999		8,130	
Professional development	12	55,548	0.1	81,239	0.2
Salaries and benefits	13	41,516,732	76.0	39,721,614	74.9
Maintenance and operation	14	2,874,938	5.4	2,847,202	5.4
Transportation	15	850,322	1.6	889,009	1.7
Depreciation		2,154,880	3.9	2,031,825	3.8
Special projects					
School renovations and equipment	10	5,595,096	10.1	4,604,546	8.7
Education Alternative Program				120,000	0.2
		54,640,524	100.0	53,056,424	100.0
Surplus (deficiency) of revenue over expenses		$ 5		$ (610,397)	

	2004	2003
Operating (deficit) surplus, beginning of year	$ (587,035)	$ 23,362
Deficit reduction grant	587,035	
Surplus, (deficiency) of revenue over expenses	5	(610,397)
Operating surplus (deficit), end of year	$ 5	$ (587,035)

See accompanying notes to the financial statements.

Western School Board
Balance Sheet - Operating Fund

June 30	2004	2003
Assets		
Current		
Cash	$ 109,599	$ 308,128
Receivables		
Grants, Province of Prince Edward Island	2,466,253	2,203,935
Miscellaneous	366,085	246,479
	2,941,937	2,758,542
Trust Funds (Note 3)	115,472	114,500
	$ 3,057,409	$ 2,873,042
Liabilities		
Current		
Payables and accruals		
General	$ 126,031	$ 510,658
Salaries and benefits	2,460,772	2,453,456
Province of Prince Edward Island - current operations	144,969	246,259
Bonds and debentures	53,532	
Deferred revenue (Note 5)	156,628	135,204
	2,941,932	3,345,577
Trust Funds (Note 3)	115,472	114,500
	3,057,404	3,460,077
Surplus (Deficit)		
Operating surplus (deficit)	5	(587,035)
	$ 3,057,409	$ 2,873,042

On behalf of the Board

____________________ Trustee ____________________ Trustee

See accompanying notes to the financial statements.

Western School Board
Balance Sheet - Capital Fund

June 30			2004	2003
Assets				
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 918,876		**$ 918,876**	$ 918,876
Buildings	74,608,064	$ 23,702,363	**50,905,701**	47,060,049
Furniture and equipment	10,764,293	9,166,898	**1,597,395**	1,534,477
Paving	347,172	270,372	**76,800**	27,944
Buses	7,033,285	5,448,763	**1,584,522**	2,105,091
Service vehicles	93,892	93,892		
	$ 93,765,582	$ 38,682,288	**$ 55,083,294**	$ 51,646,437
Surplus				
Capital surplus (Page 5)			**$ 55,083,294**	$ 51,646,437

On behalf of the Board

______________________ Trustee ______________________ Trustee

See accompanying notes to the financial statements.

Western School Board
Statement of Capital Surplus

Year Ended June 30	**2004**	2003
Capital surplus, beginning of year	**$ 51,646,437**	$ 47,841,038
Add:		
Major renovations - buildings	**5,150,926**	4,307,666
Buses		1,088,313
Furniture and equipment	**344,810**	441,245
Pavement	**96,000**	
	5,591,736	5,837,224
Deduct:		
Depreciation		
Buildings	**1,305,274**	1,206,689
Buses	**520,568**	526,402
Furniture and equipment	**281,893**	270,790
Paving	**47,144**	27,944
	2,154,879	2,031,825
Capital surplus, end of year	**$ 55,083,294**	$ 51,646,437

See accompanying notes to the financial statements.

Western School Board
Notes to the Financial Statements
June 30, 2004

1. Nature of operations

The Board operates as a not-for-profit organization that provides for primary and secondary education requirements for people within their jurisdiction.

2. Summary of significant accounting policies

Depreciation

Depreciation is recorded on the diminishing balance basis for buildings at the rate of 2.5% and furniture and equipment at the rate of 15%. Depreciation is recorded on the straight line basis for school buses at 12% and service vehicles and pavement at the rate of 20%.

Capitalization of fixed assets

Land, buildings, furniture and equipment are shown at values carried in the accounts of the former school boards at June 30, 1972 with subsequent additions at cost. Buses are recorded at cost. Effective July 1, 1995 pavement additions are shown separately in the Capital Fund. Prior to July 1, 1995, pavement additions were included with buildings.

Only those purchases which exceed $25,000 are capitalized in the Capital Fund. The total capital expenditures and related capital grants are reported on the Statements of Revenue, Expenses and Operating Surplus. The allocation of amounts capitalized is disclosed on the Schedule of Capital Expenditures (Page 10).

Schools constructed and renovated by the Prince Edward Island Department of Public Works and school buses purchased by the Provincial Government are recorded as property and equipment in the capital fund when title is passed.

Unfunded depreciation on property and equipment

Unfunded depreciation on property and equipment is a revenue amount offsetting depreciation expense. The Prince Edward Island Department of Education does not fund depreciation on a current basis.

Commitments

Included in payables and accruals are outstanding commitments of $91,437 (2003 - $252,567) pertaining to the school year for which the goods and services are to be received or provided subsequent to year end.

Western School Board
Notes to the Financial Statements

June 30, 2004

2. Summary of significant accounting policies (cont'd)

Inventories, at the lower of cost and net realizable value

Bus parts inventory and classroom supplies on hand have not been reflected on the Balance Sheet. All such supplies have been written off when purchased.

Vacation pay and service gratuities

No liability has been recorded in these financial statements for accrued but unpaid vacation pay and service gratuities. The Board receives direct funding from the Province of Prince Edward Island on an annual basis to cover such costs.

Deferred revenue

The unexpended portion of grants received for specific purchases is deferred and used for the related future purchases.

Pension plans

Instructional employees of the Board are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island. Non-instructional employees are members of a defined benefit / defined contribution pension plan. The expense of the Board is limited to a matching contribution equal to the employee's portion. In addition, the Province of Prince Edward Island provides grants to fund the Board's portion of contributions to the pension plan.

3. Trust funds

Trust funds are comprised of contributions from various sources that are maintained by the Board. The interest that is earned on the contributions may be disbursed for specified educational purposes. Investments are recorded at cost and are comprised of GIC's. Cost approximates fair market value.

Western School Board
Notes to the Financial Statements
June 30, 2004

4. **Other revenue**	**2004**	2003
Interest	**$ 107**	$ 132
Rentals	**36,558**	27,521
Gain on sale of assets	**3,539**	5,027
Miscellaneous		7,777
Insurance proceeds	**8,435**	13,937
	$ 48,639	$ 54,394

5. **Deferred revenue**	**2004**	2003
Funds designated for;		
Capital funding	**$ 100,000**	$ 100,000
Equal Chances at Learning	**10,547**	
Pilot projects	**30,490**	25,042
Teaching Strategies	**770**	2,666
Inclusion	**2,156**	2,407
Other	**12,665**	5,089
	$ 156,628	$ 135,204

Western School Board
Schedule of Administration Expenses

Year Ended June 30	**2004**	2003
Advertising	**$ 47,104**	$ 14,633
Bank charges	**29**	37
Computer software	**737**	5,863
Courier services	**25,630**	24,623
Employee allowances	**317**	75
Freight and express	**829**	2,331
Graduation expenses	**1,841**	1,638
Insurance	**73,241**	59,448
Miscellaneous	**39,839**	702
Non-capital equipment	**33,093**	31,485
Photocopying	**4,690**	10,194
Postal services	**17,241**	17,152
Printing	**22,644**	27,612
Professional services	**89,061**	105,644
Public/staff relations	**28,794**	39,323
Student relations	**11,288**	10,212
Supplies	**43,883**	40,271
Telephone	**140,403**	134,364
Travel - staff	**117,918**	130,268
Trustee expenses	**9,714**	15,664
Trustee professional development	**19,023**	27,269
Trustee remuneration	**29,703**	29,703
	$ 757,022	$ 728,511

Western School Board
Schedule of Capital Expenditures

Year Ended June 30	Greater than $25,000	Less than $25,000	**Total 2004**	Total 2003
Audio visual equipment		$ 5,843	**$ 5,843**	$ 4,618
Building renovations	$ 5,150,926	33,890	**5,184,816**	4,338,637
Classroom equipment, furniture	318,261	1,865	**320,126**	293,611
Computer equipment				
- administration		5,827	**5,827**	149,113
- program		7,937	**7,937**	18,145
- transportation				1,636
Industrial arts – equipment				3,608
Janitorial equipment		3,254	**3,254**	1,064
Miscellaneous equipment		4,156	**4,156**	3,441
Music equipment		10,388	**10,388**	4,239
Office/administration equipment and furniture				1,343
Paving	96,000		**96,000**	
Physical education equipment		1,530	**1,530**	
Playground equipment		3,058	**3,058**	3,112
School buses		242	**242**	1,089,361
Service vehicles		19,896	**19,896**	30,001
Vehicle repair equipment	26,549	4,808	**31,357**	4,789
Vocational equipment		34,529	**34,529**	4,850
	$ 5,591,736	$ 137,223	**$ 5,728,959**	$ 5,951,568

The above totals are comprised of the following:

	2004	2003
Capital expenditures	**$ 133,863**	$ 1,347,022
Special projects - school repairs	**5,595,096**	4,604,546
	$ 5,728,959	$ 5,951,568

Western School Board
Schedule of Instructional Expenses

Year Ended June 30

	2004	2003
Program		
Art	$ **9,051**	$ 8,234
A / V services	**15,331**	16,256
Career and technology studies	**12,898**	17,438
Computer literacy	**2,532**	4,207
Computer software	**892**	4,637
Co-operative education	**86**	309
Drama	**794**	1,045
Duplicating / photocopying	**211,456**	199,827
English / language arts	**1,310**	1,838
Enrichment education	**132**	380
Family living / home economics	**11,592**	9,882
French	**1,174**	1,248
Guidance	**2,611**	14,738
Health / first aid	**2,875**	5,694
Industrial arts	**24,354**	15,952
Language development	**518**	755
Library / resource centre	**50,797**	45,045
Mathematics	**754**	1,164
Miscellaneous	**5,556**	5,722
Music	**27,432**	40,804
Non-capital equipment	**61,740**	32,165
Physical education	**30,377**	38,194
Resource room / remedial	**3,082**	2,407
School psychologist	**7,503**	5,382
Science	**9,986**	11,361
Social studies	**2,040**	878
Special education	**14,938**	14,967
Supplies	**93,175**	107,220
Vocational (agricultural)	**912**	525
Vocational (business)	**1,359**	1,668
Vocational (carpentry)	**29,581**	24,011
Vocational (computer repair)		961
Vocational (cosmetology)	**5,009**	5,240
Vocational (robotics)	**2,428**	2,252
Vocational (electronics)	**2,141**	2,096
Vocational (graphics / drafting)	**9,672**	6,023
Vocational (motor vehicle)	**23,695**	11,498
Vocational (small engines)	**2,060**	1,899
Vocational (welding)	**13,281**	13,404
	$ **695,124**	$ 677,326

Western School Board
Schedule of Professional Development Expenses

Year Ended June 30	2004	2003
Administrative group	$ 3,302	$ 4,816
Board consultants	3,150	7,385
Board Office - admin support	300	2,774
Instructional management	14,189	20,459
Little Red School House	4,483	4,834
Maintenance group	4,755	2,715
Non-instructional management	3,718	1,472
School - admin support	1,155	563
School - supervisory		9,215
School teachers	10,100	18,480
Teacher assistants	631	2,259
Transportation group	9,765	6,267
	$ 55,548	$ 81,239

Western School Board
Schedule of Salaries and Benefits Expenses

Year Ended June 30	2004	2003
Board administration support	**$ 591,040**	$ 565,406
Board supervisory	**570,608**	644,951
Instructional supervisory	**3,332,314**	3,298,311
Instructional non-supervisory	**27,370,897**	26,233,891
Maintenance and operation	**2,952,776**	2,808,691
School administration support	**941,125**	900,125
Teacher assistants and EAP Youth Workers	**2,738,900**	2,297,333
Transportation	**3,019,072**	2,972,906
	$ 41,516,732	$ 39,721,614

Note:

Board administration support includes board office, clerical and secretarial staff.

Board supervisory salaries include superintendent, director of instruction and special education, director of human resources development, business director and consultants.

Instructional supervisory salaries include principals, vice-principals, department heads and co-ordinators.

Instructional non-supervisory salaries include all teaching staff excluding those listed above.

Maintenance and operations salaries include building and maintenance supervisor, janitorial and maintenance staff.

School administration support includes school secretarial staff.

Teacher assistant salaries include EAP Youth Workers.

Transportation salaries include transportation supervisor, bus driver staff and bus depot staff.

Retirement pay and service gratuity expenses are included in the applicable expense categories above.

Western School Board
Schedule of Maintenance and Operation Expenses

Year Ended June 30	2004	2003
Building repairs	$ 313,998	$ 284,719
Contract cleaning	2,596	7,905
Electricity	851,454	736,426
Employee allowances	8,804	8,192
Equipment and furniture repairs	73,433	52,944
Fire department dues	642	500
Fuel - heating	841,325	1,048,614
Grounds	64,824	47,053
Insurance	113,022	98,954
Miscellaneous	996	4,510
Non-capital equipment	12,954	13,628
Professional services	7,772	7,784
Property taxes	5,631	5,607
Rentals - equipment	8,960	6,538
Rentals - facilities	93,708	21,878
Security	14,761	16,810
Service contracts	45,017	41,384
Service vehicles - operating	11,260	10,039
Sewer charges	30,636	26,166
Snow removal	77,670	77,387
Supplies	168,583	193,715
Waste disposal	109,461	118,392
Water	17,431	18,057
	$ 2,874,938	$ 2,847,202

Western School Board
Schedule of Transportation Expenses

Year Ended June 30	2004	2003
Bus repairs	$ 186,415	$ 218,094
Communications	55,143	68,343
Contracted transportation	19,297	6,623
Electricity and employee allowances	3,984	3,557
Extra curricular	13,398	20,227
Fuel - diesel	381,629	383,290
- gasoline	31,969	25,650
Insurance	62,379	79,297
Miscellaneous	3,103	5,399
Non-capital equipment	4,004	2,848
Oil/lubricants	16,097	16,068
Professional services	17,499	16,375
Service contracts	1,375	300
Service vehicles - operating		1,468
Snow removal	13,389	12,710
Supplies	5,745	3,294
Tires	34,896	25,466
	$ 850,322	$ 889,009

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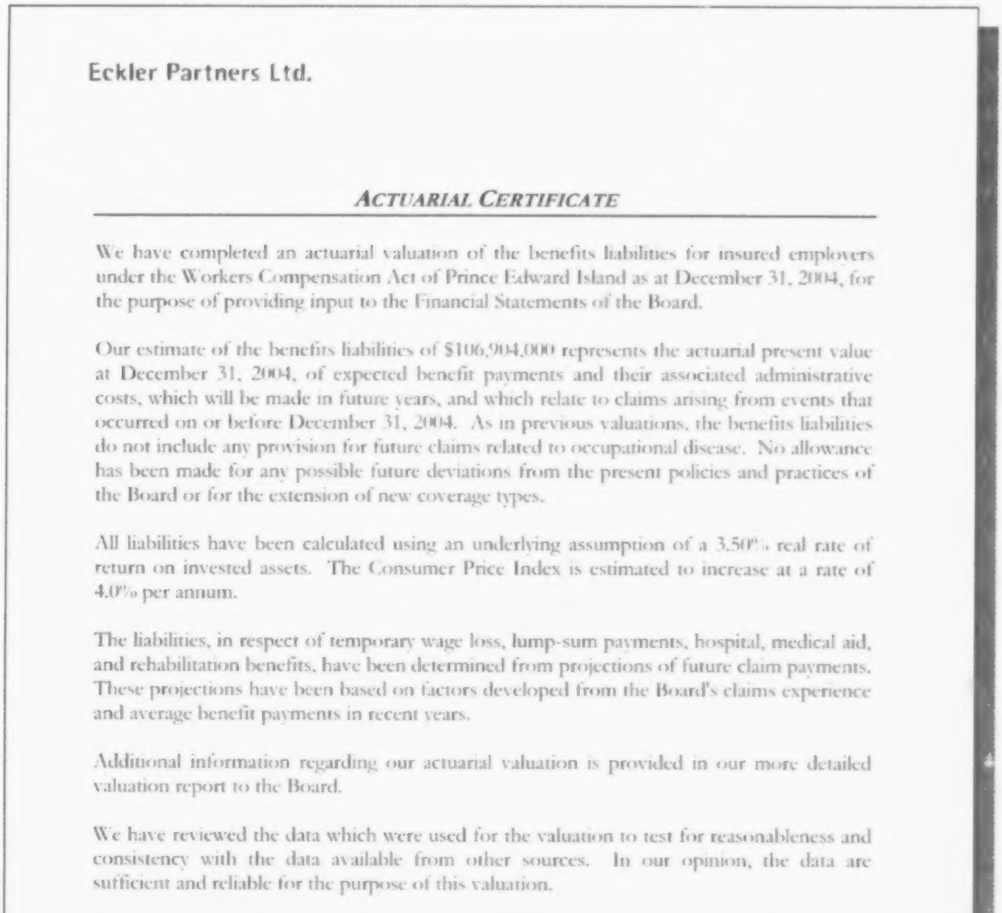
Financial Information

Workers Compensation Board
of Prince Edward Island

Actuarial Certificate



Eckler Partners Ltd.

ACTUARIAL CERTIFICATE

We have completed an actuarial valuation of the benefits liabilities for insured employers under the Workers Compensation Act of Prince Edward Island as at December 31, 2004, for the purpose of providing input to the Financial Statements of the Board.

Our estimate of the benefits liabilities of $106,904,000 represents the actuarial present value at December 31, 2004, of expected benefit payments and their associated administrative costs, which will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2004. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease. No allowance has been made for any possible future deviations from the present policies and practices of the Board or for the extension of new coverage types.

All liabilities have been calculated using an underlying assumption of a 3.50% real rate of return on invested assets. The Consumer Price Index is estimated to increase at a rate of 4.0% per annum.

The liabilities, in respect of temporary wage loss, lump-sum payments, hospital, medical aid, and rehabilitation benefits, have been determined from projections of future claim payments. These projections have been based on factors developed from the Board's claims experience and average benefit payments in recent years.

Additional information regarding our actuarial valuation is provided in our more detailed valuation report to the Board.

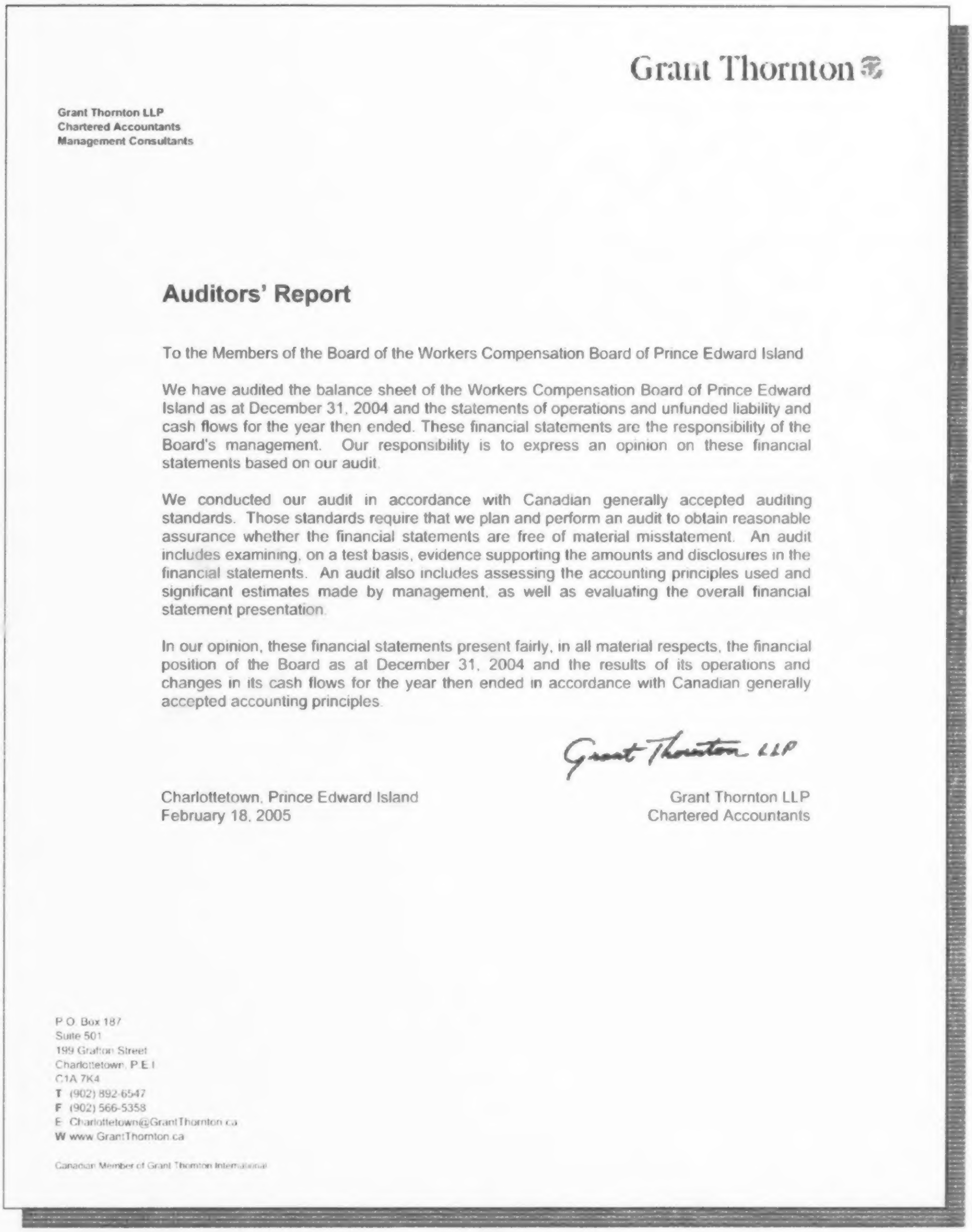
We have reviewed the data which were used for the valuation to test for reasonableness and consistency with the data available from other sources. In our opinion, the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul Conrad

Paul G. Conrad FCIA, FSA, MAAA
Eckler Partners Ltd.
March 8, 2005

Auditors' Report



Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of the Workers Compensation Board of Prince Edward Island

We have audited the balance sheet of the Workers Compensation Board of Prince Edward Island as at December 31, 2004 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2004 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown, Prince Edward Island
February 18, 2005

Grant Thornton LLP
Chartered Accountants

P.O. Box 187
Suite 501
199 Grafton Street
Charlottetown, P.E.I.
C1A 7K4
T (902) 892-6547
F (902) 566-5358
E Charlottetown@GrantThornton.ca
W www.GrantThornton.ca

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Financial Statements

STATEMENTS OF OPERATIONS AND UNFUNDED LIABILITY

Year Ended December 31	2004	2003
Revenues		
Current assessments	$ 25,651,520	$ 24,596,475
Self insured employers (Note 13)	2,290,631	2,146,908
Investments (Notes 4 and 6)	6,691,824	2,602,806
Recoverable administration fees and interest charges to self insured employers (Note 13)	480,133	530,085
	35,114,108	29,876,274
Expenditures		
Expected increase (Note 9)	7,975,000	7,807,000
Changes in actuarial assumptions and methodology (Note 9)	1,993,000	2,233,000
Experience (gains) and losses (Note 9)	(8,203,000)	(2,225,000)
Claims and administrative costs incurred (Note 9)	11,663,000	11,945,000
Claims costs incurred self insured employers (Note 13)	2,290,631	2,146,908
	15,718,631	21,906,908
	19,395,477	7,969,366
Administration (Page 31)	4,035,474	4,046,784
Occupational health and safety (Note 11)	714,548	678,391
Workers' Advisor Program (Note 12)	144,884	120,087
Employers' Advisor Program (Note 12)	63,169	-
Appeals Tribunal (Note 12)	16,281	18,319
	4,974,356	4,863,581
Excess of revenues over expenditures	$ 14,421,121	$ 3,105,785
Unfunded liability, beginning of year, as previously stated	$(22,214,377)	$(25,647,162)
Prior period adjustment (Note 2)	(6,563,000)	(6,236,000)
Unfunded liability, beginning of year, restated	(28,777,377)	(31,883,162)
Increase to fair market value reporting for investments (Note 3)	1,624,433	-
Excess of revenues over expenditures	14,421,121	3,105,785
Unfunded liability, end of year	$(12,731,823)	$(28,777,377)

See accompanying notes to the financial statements.

Financial Statements

BALANCE SHEET

December 31	2004	2003
Assets		
Receivables (Note 5)	**$ 552,632**	$ 1,842,545
Investments (Notes 4 and 6)	**90,817,240**	75,503,280
Capital assets (Note 7)	**3,649,990**	2,600,258
	$ 95,019,862	$ 79,946,083
Liabilities and Net Fund Deficiency		
Payables and accruals	**$ 554,376**	$ 752,132
Benefits liabilities (Note 9)	**106,904,000**	107,528,000
Debenture payable (Note 10)	**293,309**	443,328
	107,751,685	108,723,460
Net fund deficiency and unfunded liability (Note 15)	**(12,731,823)**	(28,777,377)
	$ 95,019,862	$ 79,946,083

Contingent liabilities (Note 14)

On behalf of the Board

Chairman

Carol Anne Duffy

Chief Executive Officer

See accompanying notes to the financial statements.

Financial Statements

STATEMENT OF CASH FLOWS

Year Ended December 31	2004	2003
Cash flow from operating activities		
Cash received from:		
Employers for assessments	**$ 26,983,462**	$ 23,977,532
Self insured employers for assessments	**2,210,229**	2,266,872
Investments and other	**8,354,630**	2,589,442
	37,548,321	28,833,846
Cash paid:		
To claimants or third parties on their behalf	**(15,484,631)**	(15,678,908)
For administration requirements and other goods	**(1,777,802)**	(1,125,301)
For salaries to employees	**(3,400,445)**	(3,491,763)
Interest on long term debt and capital leases	**(15,160)**	(42,088)
	(20,678,038)	(20,338,060)
Net cash provided by operating activities	**16,870,283**	8,495,786
Cash flow from investing activities		
Cash paid for the purchase of capital assets	**(1,406,304)**	(473,432)
Cash flow from financing activities		
Cash paid for:		
Repayment on capital leases	**-**	(104,461)
Repayment of long term debt	**(150,019)**	(150,020)
Net cash used by financing activities	**(150,019)**	(254,481)
Net increase in cash and investments	**15,313,960**	7,767,873
Cash and investments		
Beginning of year	**75,503,280**	67,735,407
End of year	**$ 90,817,240**	$ 75,503,280

See accompanying notes to the financial statements.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

1. Nature of operations

The Workers Compensation Board of Prince Edward Island (the Board) was established by the Prince Edward Island Legislature in 1949 under the *Workers Compensation Act* (the Act). The Board is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to or on behalf of recovering workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Board within the guidelines established by the Act, and for administering the *Occupational Health and Safety Act*. On January 1, 1995 the current Act became effective.

The Board does not receive government funding.

2. Prior period adjustment

During the year, prior years' financial statements were restated to include a provision for the future cost of administering claims. The effect of the restatement is that the December 31, 2003 unfunded liability has increased by $6,563,000 (2002 - $6,236,000). The financial statements have been restated to reflect changes in the unfunded liability balance as follows:

	2004	2003
Increase in beginning benefits liabilities at December 31, 2003 and 2002	**$ 6,563,000**	$ 6,236,000
Decrease in administration costs	**(858,000)**	(880,000)
Increase in growth in present value and actuarial adjustments	**820,000**	1,207,000
Increase in benefits liabilities at December 31, 2004 and 2003	**$ 6,525,000**	$ 6,563,000

3. Financial reporting changes

During the year, Canadian Institute of Chartered Accountants (CICA) standard changes caused the elimination of the option for the Board of smoothing its investment returns. As a result, the Board adopted the new recommendation of CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, to account for its investments. Under the options outlined in the recommendations, the Board has classified its investments as held for trading. As such, investments are now recorded at fair value in the financial statements. Interest revenues, dividends, realized gains and losses are recorded into investment revenue in the year they occur. Unrealized gains and losses are recorded at year end based on the fair value of the investments. The previously recorded moving average market adjustment is being amortized into cost on the basis of the average turnover of investments it represents.

As per the requirements in the new standard, prior period financial statements have not been restated. The opening value of investments for the 2004 year as reported in the financial statements has been adjusted from the previously recorded value to its fair value. This has resulted in a $1,624,433 increase to the opening balance of investments and decrease in unfunded liability at the commencement of the December 31, 2004 fiscal year.

The Board has determined that assessment rates for employers and benefit levels for injured workers cannot be based on short-term annual investment gains, which by their nature are unpredictable and not guaranteed to be sustained over the long term. As a result, the Board plans to continue basing assessment rates and the annual funding strategy status on the long-term expectation for investment returns.

4. Summary of significant accounting policies

Cash and investments

Cash and investments include cash on hand, balances with banks, net of bank overdrafts, and the Board's share of investments held in a pooled fund with the Workplace Health, Safety and Compensation Commission of New Brunswick. Bank borrowings are considered to be financing activities.

Accrued assessments receivable

At the beginning of each year, an assessment is levied on non-monthly employers by applying industry assessment rates to their estimated payrolls. During the year, employers' actual payrolls may vary from their estimate, therefore, at year end, accrued assessments receivable are adjusted based on payroll adjustments from the prior year. The accrued assessments are determined excluding those employers whose assessment is levied on a monthly basis.

Investments

The Board has classified its investments as held for trading. As such, investments are recorded at their fair value. Interest revenues, dividends, realized gains and losses are recorded into investment revenue in the year they occur. Unrealized gains and losses are recorded at year end based on the fair value of the investments.

Equity investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from equities is translated at the rate in effect at the time the income is received.

Capital assets

Property and equipment are reported at cost and are depreciated over their estimated lives on the straight line basis for building and on the declining balance basis for furniture and equipment, and computer programs and equipment. The rates used are as follows:

Building	40 years, straight line
Furniture and fixtures	10%, declining balance
Computer programs and equipment	20%, declining balance

Benefits liabilities

An independent consulting actuary completes a valuation of the components of the benefits liabilities of the Board on an annual basis.

The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to latent occupational disease because they cannot be reasonably estimated.

Financial instruments

The Board's financial instruments consist of cash, accounts receivable, temporary and long-term investments, bank indebtedness, accounts payable, and long-term debt. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

5. Receivables

	2004	2003
Assessments	$ 1,047,576	$ 1,257,294
Accrued assessments (payable)	(669,640)	452,584
Other	78,969	117,342
Self-insured employers	95,727	15,325
	$ 552,632	$ 1,842,545

6. Investments (Note 3)

	2004	2003
Money market	$ 4,034,896	$ 5,156,643
Fixed term investments	29,727,568	25,077,303
Equities	57,054,776	41,883,074
	90,817,240	72,117,020
Deferred realized investment losses	-	3,386,260
	$ 90,817,240	$ 75,503,280

Deferred realized investment losses		
Balance, beginning of the year	$ (3,386,260)	$ (766,939)
Realized net investment losses for the year	-	(2,673,157)
	(3,386,260)	(3,440,096)
Amortization to investment income	3,386,260	53,836
Balance, end of the year	$ -	$ (3,386,260)

Investment income		
Earned during the year, net of portfolio management expenses	$ 2,131,463	$ 1,734,107
Realized investment gains (losses)	4,308,162	(53,836)
Unrealized investment gains	252,199	922,535
	$ 6,691,824	$ 2,602,806

Investment agreement

The Board has entered into an Investment Agreement (January 1995) for the management of its investment assets with those of the Workplace Health, Safety and Compensation Commission of New Brunswick. These financial statements report the Board's proportionate share of the investment assets held in the pooled fund which was 11.28% at December 31, 2004 (2003 – 10.5%). The Board pays a fee to the Workplace Health, Safety and Compensation Commission of New Brunswick for the administration of the combined investments.

Foreign exchange risk management

The Board has certain investments denominated in foreign currencies. The Board does not undertake long term hedging strategies for the currency risk of foreign investments. Currency fluctuations may affect investment returns.

Credit risk management

Credit risk on fixed term investments arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Policy guidelines have been established surrounding the pooled fund to ensure fixed term investments have a credit rating of A or higher.

6. Investments (con't)

Interest risk management
Fluctuations in interest rates are managed by varying the duration of the fixed income portfolio. The table below presents the remaining term to maturity of the Board's outstanding fixed term investments.

	Remaining Term to Maturity				
	Within 1 Year	From 1 Year, to 5 Years	Over 5 Years	**Total 2004**	Total 2003
Fixed term investments (market value)	$ 162,109	$ 12,546,485	$ 17,018,974	**$ 29,727,568**	$ 24,789,495

The average effective yield of these fixed term investments is 4.13% (2003 – 4.36%) per annum based on market value.

7. Capital assets

			2004	2003
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 368,460		**$ 368,460**	$ 368,460
Building	1,296,679	$ 259,429	**1,037,250**	1,036,090
Furniture and fixtures	1,773,679	1,298,341	**475,338**	518,563
Computer programs and equipment	3,785,425	2,016,483	**1,768,942**	677,145
	$7,224,243	$3,574,253	**$3,649,990**	$2,600,258

8. Bank indebtedness

The Board has a $500,000 unsecured operating line of credit of which nil is used at December 31, 2004.

9. Benefits liabilities

2004 2003

An analysis of the components of and changes in benefits liabilities is as follows:

	Temporary Wage Loss	Pension and Extended Wage Loss	Health Care	Rehabilitation	Administration	**Total**	(restated) Total
Balance, beginning of year	$3,854,000	$79,145,000	$ 15,079,000	$ 2,887,000	$ 6,563,000	**$107,528,000**	$102,180,000
Expected increase	284,000	5,875,000	1,116,000	213,000	487,000	**7,975,000**	7,807,000
Increase arising from change in actuarial assumptions and methodology	25,000	1,572,000	258,000	16,000	122,000	**1,993,000**	2,233,000
Experience (gains) and losses	150,000	(6,783,000)	(1,007,000)	(62,000)	(501,000)	**(8,203,000)**	(2,225,000)
	4,313,000	79,809,000	15,446,000	3,054,000	6,671,000	**109,293,000**	109,995,000
Costs incurred	3,075,000	4,222,000	2,866,000	788,000	712,000	**11,663,000**	11,945,000
	7,388,000	84,031,000	18,312,000	3,842,000	7,383,000	**120,956,000**	121,940,000
Less: Payments made	(3,214,000)	(5,836,000)	(3,269,000)	(875,000)	(858,000)	**(14,052,000)**	(14,412,000)
Balance, end of year	$ 4,174,000	$78,195,000	$ 15,043,000	$ 2,967,000	$ 6,525,000	**$106,904,000**	$107,528,000

An independent actuarial valuation of the components of the benefits liabilities as at December 31, 2004 was completed.

Changes in actuarial assumptions and methodology

During the 2004 actuarial valuation, certain assumptions and methodology were changed. The monetary effect is allocated as follows:

Change in rate of return assumptions	**$ 1,993,000**	$ -
Change in method of estimating future extended wage loss awards	-	1,672,000
Increase in medical costs assumptions	-	561,000
	$ 1,993,000	$ 2,233,000

The monetary effect of the changes in actuarial assumptions and methodology is reflected in the applicable year that the change was adopted.

All liabilities were calculated using the underlying assumption of a 7.5% (2003 - 7.75%) gross rate of return per annum. This results from the assumptions of a 3.5% (2003 – 3.75%) real rate of return on assets and rates of increase in inflation equal to 4% per annum (2003 – 4%).

Benefits liabilities of self-insured employers are not included in the benefits liability. These liabilities will be borne by those employers when paid in future years, they do not add to the Board's unfunded liability or its net fund deficiency.

10. Debenture payable	**2004**	2003
Unsecured, prime rate debenture maturing in 2006, amortized to 2006 payable in equal monthly payments of $12,502 plus interest.	$ 293,309	$ 443,328

Principal repayments due in each of the next two years (until maturity) are as follows 2005 - $150,020; 2006 - $143,289.

11. Occupational health and safety

Occupational health and safety are administration costs incurred to provide this program including wages and employee benefits, printing and publications, travel, training, dues and fees, and supplies.

12. Legislative obligations and other related party transactions

The Board is required by the Act to provide an annual grant to the Workers' Advisor Program. The Workers' Advisor Program operates autonomously from the Board and assists workers or dependants of workers in respect of claims for compensation. During the year, the Board paid $144,884 (2003 - $120,087) of the Program's expenses.

The Board is required by the Act to provide an annual grant to the Employers' Advisor Program. The Employers' Advisor Program operates autonomously from the Board and assists employers in respect of classifications, assessments and claims for compensation. During the year, the Board paid $63,169 (2003 - nil) of the Program's expenses.

The Board is required by the Act to pay the operating costs of the Appeals Tribunal. During the year, the Board paid $16,281 (2003 - $18,319) to cover the operating costs of the Tribunal.

13. Self insured employers

These financial statements include the effects of significant transactions carried out for self-insured employers, principally the Government of Canada and the Government of Prince Edward Island, who directly bear the costs of their own incurred claims and an appropriate share of administration expenditure. Total amounts of such assessment revenue and offsetting expenses included in the statements of operations and unfunded liability are as follows:

	2004	2003
Current assessment revenue	**$ 2,290,631**	$ 2,146,908
Administration fees and interest charges recoverable	**480,133**	530,085
	$ 2,770,764	$ 2,676,993
Claims costs incurred		
Short term disability	**$ 176,858**	$ 217,025
Long term disability	**1,646,894**	1,466,991
Health care	**444,489**	454,350
Rehabilitation	**22,390**	8,542
	2,290,631	2,146,908
Administration fees and interest charges	**480,133**	530,085
	$ 2,770,764	$ 2,676,993

14. Contingent liabilities

Latent occupational diseases

The Board is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in the financial statements.

15. Funding strategy

The Board has committed to a funding strategy that addresses the retirement of the unfunded liability as at December 31, 2001 over 20 years (2001 – 2021) and addresses the refund or recovery of post-December 31, 2001 surpluses or deficits. Each year, a portion of the assessment revenue will be allocated to the December 31, 2001 unfunded liability. The estimated opening balance of the unfunded liability at January 1, 2002 for the funding strategy was $32,000,000. Although, per CICA accounting changes, investments have been recorded in the financial statements using the fair value method, investment revenue for funding strategy purposes continues to be recorded using the smoothing method. This continues to be in effect for consistency with the accounting standards in place when the funding strategy was developed.

December 31, 2001 unfunded liability	
January 1, 2004 balance	$(30,500,000)
2004 allocation	800,000
December 31, 2004	$(29,700,000)
Post-December 31, 2001 operating surplus	
January 1, 2004 balance (as previously reported)	$ 8,285,623
Prior period adjustment (Page 2)	(6,563,000)
	1,722,623
Excess of revenue over expenditures 2004 (Page 2)	14,421,121
2004 adjustment to record revenue using the smoothing method	(3,856,105)
Allocation to December 31, 2001 unfunded liability	(800,000)
Post-December 31, 2001 operating surplus	$ 11,487,639
Investment reconciliation to the smoothing method	
January 1, 2004 balance	$ -
Increase to opening fair market value reporting for investments (Note 3)	1,624,433
2004 adjustment to record revenue using the smoothing method	3,856,105
	$ 5,480,538
Net fund deficiency and unfunded liability	**$(12,731,823)**

A comprehensive review of the funding strategy will be conducted by the Board every 5 years. Commitments to fund the December 31, 2001 unfunded liability to the next comprehensive review date, December 31, 2006, are as follows: 2005 - $900,000; and 2006 - $1,000,000.

Any post-December 31, 2001 unfunded liability or operating surplus is to accumulate to December 31, 2006. Any accumulated unfunded liability is to be applied proportionately at the group rate level in years 2007-2011. Any accumulated operating surplus is, at the discretion of the Board, to be refunded through assessment rate decreases in the years 2007-2011 or reduce the amortization time period of the December 31, 2001 unfunded liability.

16. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the presentation adopted for 2004.

Schedule of Administration Expenditures

Year Ended December 31	**2004**	2003
Building operating cost	**$ 132,582**	$ 114,088
Computer maintenance	**187,826**	159,813
Depreciation	**356,572**	288,831
Dues and fees	**45,920**	40,358
Interest on capital lease	**-**	17,505
Interest on debenture	**15,160**	24,583
Miscellaneous	**24,171**	39,175
Postage	**77,511**	83,952
Printing and office supplies	**106,165**	139,785
Professional development	**25,076**	38,239
Professional fees	**309,301**	299,458
Salaries		
Board members	**91,572**	91,825
Staff members	**2,825,272**	2,886,972
Benefits	**483,601**	512,966
Telephone	**58,007**	66,308
Travel	**154,738**	122,926
	4,893,474	4,926,784
Less allocation to benefits liabilities (Note 9)	**(858,000)**	(880,000)
	$4,035,474	$4,046,784

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